FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,911 | Wednesday April 23 1986 | D 8523 B

Fast food: why the French adore 'le hamburger', Page 2

World news

Moscow condemns third US N-test

The US yesterday conducted a nuclear test, its third this year, beneath the Nevada desert. The official Soviet newsagency Tass condemned the test as an act that dashed a unique chance to set the disarmament process in motion.

Tass said the test showed the Reagan Administration was "disregarding the vital interests and aspirations of all peoples, including its own."

The second test conducted this year by the US on April 10 prompted the Soviets to call off their eight-month-old self-imposed unilateral moratorium, which they had said would be maintained only as long as the US refrained from testing. Moscow has yet to end its moratorium by exploding a weapon.

Gromyko absent

Soviet President Andrei Gromyko was absent from an important Communist Party meeting, fuelling speculation that he had not recovered from an illness that officials said he developed last week.

Tankers stopped

Iran reported intercepting tankers in the Strait of Hormuz for the first time since it threatened 18 months ago to confiscate oil pumped and sold by Saudi Arabia and Kuwait on behalf of Iraq.

Arms sale charge

A US federal grand jury handed down indictments against 17 men charged with plotting to sell more than $2bn worth of arms, including fighter jets and missiles, to Iran.

Waldheim evidence

Rudolf Kirchschläger, Austria's President, said evidence from the UN and the World Jewish Congress on Kurt Waldheim, the former UN secretary general and the leading candidate in Austria's presidential election, provided insufficient proof for the allegations regarding Dr Waldheim's wartime past. Page 3

Trial move

West German state prosecutors recommended the acquittal of Wolfgang Otto, a 74-year-old SS sergeant on trial for complicity in the 1944 murder of German Communist Party leader Ernst Thälmann in Buchenwald concentration camp.

Kandahar siege

Afghan rebels broke through a Soviet and Afghan government security ring besieging the old city of Kandahar to resupply guerrillas fighting there, commanders said.

Royal visit

King Juan Carlos began a state visit to Britain, the first by a Spanish monarch for 81 years. Page 14

Peru deaths

Left-wing guerrillas beheaded 10 Indian peasants and an army patrol killed 10 guerrillas in clashes last weekend with rebels in the south-eastern state of Ayacucho, the military said.

Port strike threat

About 300,000 port and dock workers have threatened an indefinite strike in June affecting India's 10 main ports, a union leader said.

Ulster protest

Ulster Protestant leaders will announce a campaign of civil disobedience today, in protest against the Anglo-Irish agreement.

Tunis jailing

A Tunisian court jailed Ahmed Mestiri, a prominent opposition leader, for four months for organising an illegal anti-US protest, a measure that eliminates him as a candidate in November's general elections.

Business summary

Chrysler profits decline by 30%

CHRYSLER, third-largest US car group, reported a 30 per cent fall in net income to $356.9m in the first quarter, reflecting its decision to forgo price rises despite increased labour costs. Sales rose by 6.8 per cent to $5.76bn. Page 21

DOLLAR remained weak in London, falling to DM 2.1985 (DM 2.208), SFr 1.8425 (SFr 1.849), FFr 7.013 (FFr 7.0425) and Y169.95 (Y172.05). On Bank of England figures, the dollar's exchange-rate index fell from 115.4 to 114.8. Page 37

STERLING was slightly firmer against the dollar in London at $1.514 ($1.5115). It eased, however, to DM 3.3275 (DM 3.3375), SFr 2.79 (SFr 2.795), FFr 10.6175 (FFr 10.645) and Y257.25 (Y260.0). The pound's exchange-rate index was 75.4 from 75.5 previously. Page 37

WALL STREET: By 2pm the Dow Jones industrial average was down 13.27 at 1,842.63. Page 44

LONDON: The FT Ordinary share index fell 4.7 to close at 1,389.6, while the FT-SE index ended at 1,665.2, down 2.6. Page 44

TOKYO: The first fall for six session trimmed the Nikkei average by 114.37 to 15,712.91. Page 44

GOLD rose $3.25 an ounce on the London bullion market to $345.50 and was $2 higher in Zurich at $344.25. Page 36

US ECONOMY: record fall in petrol prices helped to produce first quarterly decline in consumer prices since 1954. Durable goods orders fell again in March. Page 4

EEC farm ministers were warned that they could not afford further concessions to their farmers on prices for the coming year, because their budget was already hugely overspent. Commodities, Page 36

ALGERIA'S 1986 budget will be cut by about 20 per cent as a result of falling oil prices.

KUWAIT'S national assembly plans to question Finance Minister Jassem al-Khorafi and Oil Minister Sheikh Ali Khalifa Al-Sabah over the use of state funds to try to resolve a multi-billion dollar stock market crash in 1982, an assembly deputy said.

AFRICAN planning and economy ministers failed to agree on a controversial plan to set up an African Monetary Fund that would supplement the role of the IMF.

ROLLS-ROYCE, British aero-engine manufacturer, will seek to increase its share capital when it is sold to the private sector, said chairman Sir Francis Tombs. Page 14; Lex, Page 20

PEUGEOT TALBOT, the UK subsidiary of Peugeot of France, made a £12.84m ($19.26m) loss last year after a small profit in 1984.

HARLAND & WOLFF, the state-owned shipyard in Belfast, Northern Ireland, has won a UK Government order worth over £100m ($150m) for a naval support ship. Page 11

WESTLAND: Pressure for a government inquiry into the ownership of blocks of shares in the UK helicopter group increased on the news that three mystery shareholders are based in Uruguay, Majorca and Los Angeles. Page 28

HOECHST, West German chemicals group, plans to raise DM 864m ($391m) in a one-for-20 rights issue at the end of this month and confirmed that it would increase its dividend from DM 9 to DM 10. Page 21

FIAT AUTO, car division of Italy' largest private enterprise, more than doubled its profit last year and will record a further increase in 1986, according to the group's chief executive. Page 21

PHILIPS, Dutch electronics group, warned that its first quarter sales and net income would fall because of continuing losses in its electronics division. Page 21

SUNSHINE MINING of Dallas has shut its Kellogg, Idaho, silver mine, the largest in the US. Page 21

EEC partners set to join Britain in expelling Libyans

BY DAVID LENNON IN LONDON

BRITAIN may deport more Libyan nationals after yesterday's decision to expel 21 students believed by the Government to be involved in revolutionary activities in support of the regime of Col Muammer Gadaffi, the Libyan leader.

The crackdown on the Libyans was ordered by Mr Douglas Hurd, the Home Secretary, because of fears of terrorist retaliation for the bombing raids on Libya last week.

The British move, although planned earlier is in line with the decision on Monday by the European Community's Foreign Minister to curb the activities of Libyan diplomats and other nationals as a response to Libyan support for international terrorism.

West Germany, Denmark and the Benelux countries are expected in the next few days to announce reductions in the number of Libyan diplomats and other embassy staff who will be allowed to remain in the Libyan Peoples Bureaux in their national capitals.

The deportation moves – which come one week after British-based US bombers launched raids against Libya – were welcomed by the White House. "This is the sort of action the President is looking for," Mr Larry Speakes, the White House spokesman, said yesterday. But, at the same time, he added that more was needed to combat international terrorism.

> A Soviet naval vessel, believed to be a frigate, appeared in Tripoli harbour in the first military demonstration of Moscow's support for Libya since the US air raids last week.

Britain may deport more Libyan nationals if it is felt that this would be in the interests of national security. Asked if more expulsions were imminent, a Whitehall official said: "This is not a finite nor a rolling programme," which, he agreed, translated as "maybe."

A Home Office spokesman said the expulsions were ordered "on the grounds that their deportation would be conducive to the public good, in the interests of national security." The Libyans had been under surveillance for some time and all had been actively engaged in Libyan student revolutionary activities in the UK, he said.

The 21 students, who were studying at various universities and other educational institutions in various parts of Britain, will be effectively barred from 12 European countries. The European Community has decided not to admit Libyan nationals into one member state after their ejection from another. The deportees will go on a list of undesirables to ensure they do not re-enter any EEC country.

One of the Libyans to be deported is believed to be Mr Adil Masood, 23, who was a trainee pilot at the Oxford Air Training School. He is alleged to have telephoned Tripoli Radio offering to form suicide squads to hit US targets. This earned him the nickname "the Kamakazi Pilot."

Because their expulsion was ordered on security grounds, the students do not have the normal right of appeal to Britain's the immigration appeal tribunal. However, if they wish, they can ask to have their deportation order reviewed by a non-statutory advisory board of "three wise men."

Home Office officials said the Libyans had the right to contact legal representatives, but that most of them had waived any right to seek a reconsideration of their case.

Their dependants are not being expelled, "but will be expected to leave in the near future," the Home Office said. Most of the deportees

Continued on Page 20

Gadaffi shelves maverick approach, Page 4; Fiat ready to buy Libyan stake, Page 21

UK considers tougher action against Tripoli

BY KEVIN BROWN AND PETER RIDDELL IN LONDON

BRITAIN is considering further action against Libyan diplomats to stiffen the limited agreement reached by EEC foreign ministers, Mrs Margaret Thatcher, the Prime Minister, said yesterday.

She told the House of Commons that the EEC had gone further than ever before in agreeing to cut the numbers of staff at Libya's "People's Bureaux" and to restrict their movements. But, she added, "we would have liked a lot more to have been done, and we must consider how much further to go ourselves."

The nature of any further British action is not yet clear, although it will probably stop short of full economic sanctions, which the Government does not believe are workable.

Mrs Thatcher renewed her defence of her decision to allow British-based US aircraft to attack Libya last week. But there was uproar and shouts of disbelief as she disclosed that Britain's conditions on the use of the aircraft did not cover the type of weapons used.

There were jeers as she indicated that she was not told in advance that the US planned to use anti-personnel cluster bombs, and her voice was drowned as she insisted that it was for the US to choose what weapons to use against agreed targets.

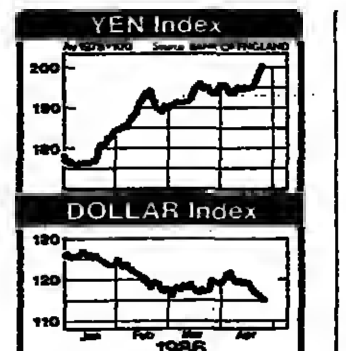
Mrs Thatcher's words provoked claims from opposition Labour MPs that the use of US nuclear weapons might also be outside the control of the British Government.

The Prime Minister said: "We were advised that the use of F-111 aircraft was the best means of striking those targets. The precise methods are a matter for the US."

She underlined Britain's opposition to sales of subsidised EEC butter to Libya but said that, unless the rest of the Community agreed, there was nothing the UK could do alone.

Mr Douglas Hurd, the Home Secretary, said he had been consulted about the national security implications of the US air raid, and had given his support to the Prime Minister.

He rejected Labour claims that the majority of British people opposed violent action against terrorism. "I have this strong feeling that opinion is shifting, and that there is a much clearer understanding than there was a few days ago of the strength of the arguments which led the Prime Minister to take her decision," he said.



$ falls further against the yen

By George Graham in London

THE DOLLAR continued its decline yesterday, shrugging off a growing chorus of anguish from Japan aimed at preventing it from depreciating further against the yen.

The US currency ended at Y169.95 in London, a little more than Y2 below its previous close. Traders said the market still expected the dollar to move lower, but remained wary of the possibility of central bank intervention to prevent it falling too fast.

Mr Noboru Takeshita, Japan's Finance Minister, indicated yesterday that he would like to see the yen stabilise at around Y180 to the dollar, and that concerted intervention might be mounted by members of the Group of Five industrial nations to achieve this. He appears, however, to have won little support for this view from either Europe or the US.

Although the D-Mark has gained nearly 30 per cent against the dollar since last September's G5 meeting in New York which decided to bring the US currency down, the West German authorities are as yet showing far less concern about the effect of this appreciation on exporters than their Japanese counterparts.

The Bundesbank has appeared reluctant to cut its discount rate further from its present level of 3.5 per cent in line with the recent interest rate cuts in Japan and the US. While such a cut might help to stem the dollar's decline, it could also strain the European Monetary System, where the D-Mark has been trading at the bottom of its permitted range against the French franc.

European ministers are expected to use the forthcoming economic summit in Tokyo to press for a further appreciation of the yen in order to reduce Japan's massive trade surplus.

The dollar ended in London at DM 2.1985, a loss of less than a pfennig, after trading as low as DM 2.178. It fell slightly to $1.514 against sterling, which ended the day 0.1 lower on the Bank of England index at 75.4.

Yen too high, Page 4; Feature, Page 19; Money markets, Page 37

VW to sell Triumph-Adler to Olivetti

BY ALAN FRIEDMAN IN MILAN

OLIVETTI, Europe's leading office automation company, has agreed with Volkswagen of West Germany to buy Volkswagen's loss-making Triumph-Adler office equipment subsidiary. The price was not disclosed, but it is understood to be about DM 150m ($68m).

At the same time, Volkswagen is to acquire 5 per cent of Olivetti for about L400bn (£267m). The price Volkswagen is paying is equal to the amount paid by AT&T just over two years ago when it bought 25 per cent of Olivetti.

The Olivetti takeover of Volkswagen's 98 per cent shareholding in Triumph-Adler increases immediately the Italian company's total sales by nearly 18 per cent and gives it control of a company which claims 30 per cent of West Germany's electronic typewriter market (Triumph-Adler is neck and neck with Olympia in the German market). Olivetti is believed to have around 10 per cent of this market in West Germany.

Triumph-Adler also claims that it has 15 per cent of the US electronic typewriter market and 14 per cent of the world market. Olivetti has around 35 per cent of the European typewriter market.

Volkswagen is selling nearly all of Triumph-Adler operations to Olivetti, representing divisions with total sales of DM 1.6bn last year, of which DM 1bn came from West Germany, about DM 200m from subsidiaries in France, Britain, Australia and New Zealand and roughly DM 400m from US operations.

Mr de Benedetti said yesterday that the Triumph-Adler takeover was Olivetti's most important deal since its landmark agreement with AT&T, which has resulted in significant orders for the US market where AT&T sells Olivetti personal computers. Other key Olivetti deals in the past two years have been its marketing agreement under which Xerox also sells its personal computers in the US and its two-way marketing agreement with Toshiba of Japan.

A senior Volkswagen executive is soon to join the board of Olivetti and the two companies plan to co-operate in future with regard to Volkswagen's Pertec Peripherals Corporation, the US office computer subsidiary. The entire agreement will be subject to the approval of both the West German Cartel Office and the US Justice Department.

Triumph-Adler, employs 9,552 people. In recent years, it has been held in check by restructuring costs and problems at Pertec. Last year losses totalled about DM 100m. The company says it increased its production of electronic typewriters by more than 40 per cent last year to 750,000 units. Some 75 per cent of

Continued on Page 20

Feature, Page 18; Olivetti results, Page 21

Nasdaq and London launch prices link

BY ALEXANDER NICOLL IN LONDON

THE London Stock Exchange yesterday launched an experimental link with the US National Association of Securities Dealers (NASD) providing for the two-way electronic exchange of share price quotes across the Atlantic.

The pilot scheme, involving nearly 600 stocks, is one of the most ambitious steps so far in the trend towards cross-border investment and round-the-clock trading of shares which is sweeping the world's stock markets.

Viewers of the London exchange's Topic screens and of the NASD's automated quotation system, Nasdaq, can see prices of the biggest stocks from each other's domestic markets, as well as of international stocks quoted in each market – with the exception that prices of British stocks quoted on Nasdaq will not be visible in London.

Nasdaq – also known as the over-the-counter market – had turnover of $233bn last year, including $12.5bn in non-US shares.

"For many companies, this will open an international window, providing access to a new shareholder base and to new pools of international capital," said Mr Gordon Macklin, president of NASD.

For the London exchange, the link is part of its effort to provide technological systems enabling it to remain as a central marketplace in the competitive international field.

It is also discussing an association with the New York Stock Exchange, and a settlement link with the US which might late help in the

Continued on Page 20

Electronic bridge, Page 27

Nynex to buy IBM computer shops

BY PAUL TAYLOR IN NEW YORK AND LOUISE KEHOE IN SAN FRANCISCO

IBM, the world's largest computer group, is selling its US network of retail IBM Product Centers. Under a surprise agreement announced yesterday, Nynex, one of the seven regional Bell telephone holding companies, will acquire 81 IBM Product Centers across the US.

The move represents the latest in a series of rationalisations by IBM. Earlier this year, IBM completed the transfer of its loss-making Satellite Business Systems telephone unit to MCI Communications in return for an equity stake.

It also marks a big expansion by Nynex, which has been among the most aggressive of the seven regional holding companies – spun off from AT&T when the Bell System was broken up two years ago – in expanding into new non-telephone businesses.

Nynex said it would acquire 81 IBM Product Centers, located in 33 states and the District of Columbia, which sell IBM equipment ranging from typewriters to its top-of-the-line personal computers together with a wide range of computer software.

Under the terms of the agreement, Nynex will have the right to open additional authorised IBM dealerships in three city locations where Product Centers were operated from IBM buildings.

Nynex has already built up a sizable business equipment retailing operation, opening 19 Datago Business Centers in the north-east US since December 1984, and plans to open two more shops soon. The acquisition of the IBM Product Centers will result in Nynex's operating about 100 business equipment shops across the US – one of the largest nationwide computer retailing networks.

Nynex, which plans to rename the IBM stores, did not disclose terms of the agreement, which is due to be finalised by the end of June. The agreement is also subject to a number of conditions, including anti-trust approval.

The deal might meet opposition from independent computer retailers, as well as from regulators and rivals concerned about the rapid nationwide expansion of the regional companies' non-telephone businesses.

"IBM's retail product centres have never lived up to IBM's expectation in terms of sales or profit" according to Mr Seymour Merin, of the Gartner Group, a US market research firm.

IBM's sale of its retail outlets reflects a broad slowdown in retail sales of personal computers in the US and a highly competitive marketplace in which price discounting is widespread.

According to Infocorp, another market-research firm, retail sales of personal computers were down by about 20 per cent in the first three months of 1986 compared with the same period a year ago.

In this environment, the IBM stores were prevented from matching the heavily discounted prices offered by independent IBM retailers because, according to analysts, IBM was reluctant to compete aggressively with its authorised dealers.

IBM Product Centers sold personal computers at list price or at a small discount, whereas independent dealers typically offered a 25 per cent discount. Another problem for the IBM-owned shops was that they were unable to offer peripheral products manufactured by other companies.

IBM said yesterday that the Product Centers had met all the objectives set, including that of selling more IBM equipment.

In IBM's shadow, Page 23

CONTENTS

EUROPEAN NEWS

Greek Cypriots say UN plan is unworkable

BY ANDRIANA IERODIACONOU IN ATHENS

THE LATEST United Nations draft settlement plan for Cyprus is unworkable and would leave the door open for a future Turkish military intervention, Greek Cypriot officials said yesterday in their first direct comment on the document.

The officials criticised the new plan for giving the Turkish Cypriot community more power in the executive and the legislature and a better deal on territory than two previous UN plans submitted in January and April, 1985.

All three plans foresee a two-zone federal republic in Cyprus, with the 18 per cent Turkish Cypriot minority controlling one zone and the Greek Cypriot majority the other. The two communities have been segregated in a de facto partition of the island since 1974, when Turkey invaded Cyprus, following a coup organised by the Greek junta.

Specifically, the Greek Cypriots say they are unhappy with the present plan because it calls for a majority, including at least one Turkish Cypriot vote for all cabinet decisions. They say previous plans, by contrast, demanded a weighted majority only for decisions on issues of special importance to the Turkish Cypriots.

Similarly, according to the Greek Cypriots, under the new plan all legislation, and not just bills of special interest to the minority, will have to go to both the upper and lower chambers of a proposed two-chamber Parliament. The plan foresees 50:50 Greek Cypriot to Turkish Cypriot representation in the upper house, and 70 : 30 in the lower.

The Greek Cypriots sidestepped comment on the draft plan in their formal response to the Secretary-General last Sunday. They called on him instead to organise either an international conference, or a new summit meeting between Mr Denktash and Mr Spyros Kyprianou, the Cypriot President, to resolve three basic issues: the withdrawal of Turkish occupation troops and settlers from Cyprus: effective international guarantees for a settlement and the freedom to travel, settle and own property on the island. The UN plan relegates these issues to working groups.

Anti-Soviet party leader jailed in Poland

BY CHRISTOPHER BOBINSKI IN WARSAW

A POLISH court yesterday sentenced Mr Leszek Moczulski, the ill-fated leader of the KPN anti-Soviet group, to four years in prison, and four other members to terms of between two and two-and-a-half years.

Mr Jerzy Urban, the government spokesman, has meanwhile linked the possiblity of an amnesty in the summer for Poland's political prisoners to a cessation of opposition political activities. He also said that material support and encouragement from Western-funded Polish language radio stations would have to stop if an amnesty were to be a real possibility.

Mr Moczulski set up the anti-Soviet KPN in the autumn of 1979 and was arrested a year later to enjoy the dubious distinction of being one of Poland's handful of political prisoners during the Solidarity period.

The 56-year-old former journalist was yesterday found guilty of membership of a secret grouping which aimed at provoking public unrest. The KPN stressed the aim of an independent Poland and achieved a significant increase in support in the heady days of 1981 before the martial law crackdown at the end of that year.

Soon after, when open support for the movement had crumbled, Mr Moczulski was sentenced to seven years in prison but released under an amnesty in the sumer of 1984. He was rearrested at a KPN meeting in March last year.

Mediterranean trade talks suspended

By Quentin Peel in Luxembourg

TALKS between the EEC and its Mediterranean trading partners to ensure their traditional exports to the Community will have to be suspended for two months, after EEC Foreign Ministers failed yesterday to agree on any new concessions.

A request by the European Commission for more flexibility in its negotiating mandate with countries such as Morocco, Tunisia, Algeria, Egypt, Israel and Cyprus was finally blocked yesterday by Spain, fighting to win safeguards for the Canary Islands.

The Spanish Government fears that Canary Island exports of fruit and vegetables, such as tomatoes, citrus fruit, and onions will get a worse deal from the EEC than those from non-member states as a result of the current negotiations.

The Twelve have promised that their traditional Mediterranean partners will be able to maintain their current export levels, despite the accession of Spain and Portugal

Commission call for car test in all EEC states

The European Commissinn yesterday proposed that all member states should test all cars over three years old for roadworthiness, Reuter reports from Brussels. At present, France, Denmark, Ireland, Spain and Portugal do not require such annual testing.

Wine death toll

A 50-year-old woman, poisoned by wine laced with methyl alcohol, has died in a hospital in Piedmont, bringing to 23 the total of known victims of Italy's tainted wine scandal, AP reports from Milan.

Finland strike

Policemen responsible for checking passports of non-Scandinavian travellers joined Finland's civil servants strike yesterday for 16 hours in support of their union's pay demand, AP-DJ reports from Helsinki. The strike has widened to include 42,000 state employees throughout the country, affecting mostly rail and air traffic and stopping mail.

Fast food takes a bite of the French market

Susan Ellicott chronicles the rise of 'le hamburger'

FAST FOOD is big business in Paris—surprising as it may seem in the capital of *haute cuisine*.

The crowds at fast food restaurants on the Champs-Elysées are outnumbering those at nearby bistros. Even the local bakers are starting to feel the pinch as *fast-food croissanteries* churning out the familiar French breakfast roll, brioches and *pains au chocolat*.

The US-style outlets in Paris have multiplied nearly ten times since 1980 and now number close to 1,000 reflecting the increasing French appetite for "le hamburger" and "le milkshake."

Last week's fifth Fast Food Exhibition in Paris, organised by the National Fast Food and Catering Federation (SNARR) has mushroomed in size too. With 175 stands, it was the biggest to date.

It is not so much the big US chains which have cornered the French market, but home-grown businesses. Only McDonalds and Burger King among the US companies have made an impact of any significance on the French palate.

The others, despite North American names like Freetime, O'Kitch, Manhattan Burger, Mister Goodfast and Love Burger are 100 per cent French.

Turnover of FFr 3.3bn (£311m) last year for the French fast food industry marks both a 44 per cent increase from 1984 and a dramatic turnaround in contemporary culinary tastes. In 1972, when McDonalds first made a foray into the French market, it franchised all its outlets to guard against Gallic shrugs of disapproval.

So why the fast food boom now? Mrs Catherine Magnin, of the SNARR, thinks there are several reasons.

"More and more women are going out to work. As a result the long lunchbreak has gone out of fashion in favour of the quick, working lunch. Fast-food is reliable in quality, cheap and convenient. More importantly, the Americanisation of our young people means that everything American today has become chic—and that includes ketchup," she says.

> It is not so much the big US chains which have cornered the market, but home-grown businesses. Only McDonalds and Burger King have made an impact on French palates.

Recent statistics show the average fast food fan to be under-25, female and an ex-client of the traditional family-run corner bistro.

"Of course there is still some resistance to the hamburger, but both bistro and burger-joint can exist alongside one another," says Mrs Magnin. "They respond to different needs. We won't ever lose our traditional cuisine. In fact, we have improved the US hamburger—added fresh salad, slices of roast beef and introduced boxes of healthy *crudités*."

The food industry believes the fast food business has now reached maturity, although turnover is expected to double between now and 1990. Freetime, the second largest fast food company in France which is owned by the Accord hotel group, has already expanded elsewhere in Europe and in Asia.

There are still a few gaps in the French market, though. The Kis group, already known for its shoe-repair and key-bar chains, aims to open 50 "Cookis" snack stands by the end of next year, offering American-style biscuits and cakes.

Success in this sector of the market is not easy however, and many companies have fallen by the way-side. "At first too many jumped onto the bandwagon," says Mrs Magnin.

At the Paris show last weekend French companies gave an impressive, not to say indigestible, display of the latest in fast-food equipment and food novelties. Among the latter was the "Chouet-Burger," ("Smashing Burger), which is baked and eaten like a lollipop.

Mr Alain Madelin, the Minister for Industry and Tourism, and one of the most radical voices in the new right-wing Government, visited the show to urge the French industry to push ahead with gastronomic innovations and win new food markets.

And when it came to the serious business of lunch, he backed up his call by tucking into a sumptuous spread of burgers, chips and synthetic crab-sticks.

Netherlands trade surplus soars

BY LAURA RAUN IN AMSTERDAM

THE NETHERLANDS merchandise trade surplus rose to Fl 2.3bn (£621m) in February from Fl 1.6bn in the preceding month and surged to Fl 4.1bn in the first two months of 1986 from Fl 2.3bn in the same period a year earlier.

However, the value of both exports and imports fell in the January-February period compared with the first two months of 1985 as plunging prices for natural gas and oil sharply eroded energy trade. Exports declined by 6 per cent to Fl 36.7bn in the first two months as exported energy plunged 25 per cent. Imports sank by 11 per cent to Fl 32.7bn in the same period.

The visible trade surplus for the whole of this year is expected to shrink slightly to Fl 18bn from a record Fl 18.3bn last year as oil and gas prices remain low, and world trade slows. Also, the Netherlands, one of Europe's gas exporters, expects to sell much less gas abroad this year—30.9bn cubic metres, down from 37.9bn cubic metres last year.

Foreign trade makes up an unusually high two-thirds of the Dutch economy and exports have largely driven the economic recovery since 1983. But domestic demand is finally expected to start rebounding this year.

EUROPEAN NEWS

Allegations against Waldheim 'not proved'

By Patrick Blum in Vienna

DR RUDOLF Kirchschläger, the Austrian President, said last night that evidence from documents of the United Nations War Crimes Commission and from the World Jewish Congress on Dr Kurt Waldheim, the former UN Secretary-General and the leading candidate in Austria's forthcoming presidential election, provided insufficient proof of the allegations raised against Dr Waldheim.

He added that in his position as ordinance officer in the German army in the Balkans, Dr Waldheim must have known of the conduct of the war in his area.

Dr Waldheim has been at the centre of an international controversy, following allegations that he had been a member of Nazi organisations and that he had been implicated in Nazi atrocities in the Balkans.

Dr Waldheim has strenuously denied the allegations and has claimed that he was not aware of the mass deportation of Greek Jews or of reprisals against partisans that took place at the time.

In a special address to the nation, broadcast on television last night, Dr Kirchschläger commented on the documents handed to him from the UN and the World Jewish Congress on Dr Waldheim.

He said: "On the basis of the evidence presented to me, I would not dare to raise charges before a regular court."

However, he raised doubt about Dr Waldheim's assurances that he did not know of the atrocities committed in the Balkans by units under the command of Gen Alexander Loehr, an Austrian general executed for war crimes in Yugoslavia.

"On the basis of his tasks, he must have been informed of the entire situation within the range of his competence, including the overall conduct of the war in the Balkans," he said.

Dr Kirchschläger called on Austrians to make up their own minds on who they wanted to be their next President. "What conclusions you draw for the presidential elections must be left to you alone," he said.

Moscow expands on chemical weapons inspection proposals

BY WILLIAM DULLFORCE IN GENEVA

THE SOVIET UNION said yesterday that it would accept systematic, on-site inspection of its plants under an international convention to eliminate chemical weapons from world arsenals. It rejected, as unrealistic, however, the "mandatory challenge" system of inspection which the US has insisted must be agreed.

The US proposal would allow a country with doubts about another's compliance with the ban to demand on-site inspection and have it carried out at short notice.

Mr Victor Issraelyan, Soviet representative to the 40-nation UN conference on disarmament, tabled new proposals on chemical weapons which had been foreshadowed by Mr Mikhail Gorbachev, the Soviet leader, in January. They are a response to US complaints that Moscow *had confined itself* to generalities on the vital issue of verifying compliance with a ban.

Mr Issraelyan said the Soviet Union would agree to "an order of visits" to ensure the presence of inspectors "at all important operations for the destruction or dismantling" of chemical weapon plants.

Although the seven-point Soviet programme fleshed out Moscow's previous proposals and included a time schedule, under which a start would be made on destroying plants one year after the convention had come into force, it is unlikely to break the deadlock over US *insistence on a verification* procedure that would "constitute a credible deterrent to a potential violator."

US plans to produce binary chemical weapons and to deploy them in western Europe were bitterly condemned by Mr Issraelyan. Binary weapons contain two chemicals, each harmless on its own but lethal when mixed.

The Soviet Union condemned yesterday's US nuclear test in the Nevada desert as an act which dashed a unique chance to set the disarmament process into motion, Reuter reports from Moscow. The blast had an explosive yield of up to 150,000 tons of TNT.

However, Mr Edouard Shevardnadze, the Soviet Foreign Minister, said the Kremlin was in no hurry to resume its own testing programme.

Dublin steps in as gas grid plan falters

BY HUGH CARNEGY IN DUBLIN

THE DIFFICULTIES facing Ireland in building a national natural gas grid fed by the Kinsale field in the Celtic Sea have been underlined by the Government's appointment of a receiver to the debt-ridden Dublin Gas company as a prelude to nationalisation.

The private company, a long-established but ailing town gas supplier, was revived in 1983 when the state took a 25 per cent stake and promised more than I£125m (£114m) to back an ambitious programme to convert users in the capital to natural gas.

The failure of Dublin Gas followed a similar collapse of the Cork Gas company last summer. So far, the two cities are the only ones linked to Kinsale gas which was established as a commercial field in 1972.

Plans to extend the grid to Northern Ireland were dropped by the British Government in 1984 and, with oil prices falling far beneath predicted levels, extension plans for Limerick, Waterford, Clonmel, Drogheda and Dundalk look less and less attractive.

The inflation and oil price equations on which the Dublin Gas scheme was based had so altered by last year that the company found itself unable to attract enough new customers to offset the heavy costs of upgrading and extending its network.

The banks, which had extended two thirds of secured loans of I£60m arranged under the 1983 plan, halved new funds. Dublin Gas had debts to its supplier, the Irish Gas Board, and the state, of I£15m. When it could not agree with the board on new price formulas in the light of falling oil prices it madea formal claim of *bardship to the Government.*

Earlier this month, Mr Dick Spring, Energy Minister, announced he was putting in a receiver to prepare the company for state takeover.

Last June, Mr Spring announced the takeover of Cork Gas which had ruo up losses over two years of I£5m

Dublin Gas, with some 125,000 customers, has had considerable success in attracting business. Sales volume rose from 19.8m therms in 1983 to 61m in 1985, with industrial and commercial users accounting for two-thirds of last year's total. But as oil prices tumbled, Kinsale Gas, which accounts for about 20 per cent of Ireland's primary energy needs, had only *a marginal* price *advantage* and customer response was insufficient to meet the cost of exteoding the service.

The Government remains committed to developiog the Dublin and Cork systems and extending the network to Limerick, Waterford and Clonmel, but admits the scope of services may have to curtailed. The projects are also unlikely now to involve private companies.

In Limerick and Clonmel, joint ventures are planned between the state-owned gas board and the local corporations. Extensions up the east coast to Drogheda and Dundalk look less viable.

The gas board, a relatively *small company* in *emplnyment* terms which buys gas from the producer Marathon and sells it on, made profits in 1984 of I£80m on turnover of I£180m. But is main customers apart from the gas companies—the electricity supply board and the national fertiliser company—have struggled, both ahowing losses over the past few years.

Opec majority pessimistic about recovery in oil price

BY RICHARD JOHNS IN GENEVA

THERE is likely to he no speedy recovery of oil prices in the view of the majority within the Organisation of Petroleum Exporting Countries which is seeking to restore a measure of output discipline within a bigher and rising ceiling.

At the end of Opec's longest conference, lasting 16 days in its two phases, no clear con census emerged about what the right price should be. Officially, the traget remains $28 per barrel but there is no confidence of this being achieved soon.

In the view of Dr Suhroto Indonesia's chief delegate: "Clearly $10 is too low a price. $28 is too high a price. So it must he in between. This means $18-$20, I think."

That would certainly not he the view of the triple alliance of Iran, Algeria and Libya dissenting on the accord on new ceiliogs. Saudi Arabia, always in the last analysis Opec's ringmaster, has heen inscrutable on the subject. It is believed to favour $22-$23.

Mr Gholam Reza Aghazadeh, Iran's chief delegate, hitterly accused Saudi Arabia on Monday of still "pursuing a price war" in collusion with the US, following the recent visit to Riyadh by Vice-President George Bush.

At the same time the 10 members adhering to the accord here announced on Monday night that they were setting a maximum limit of 16.3m harrels a day for the third quarter and 17.3m h/d for the fourth. They hope that a revised sharing agreement can he finalised at the next meeting, scheduled to start on June 25 on the Yugoslav island of Brioni.

Sheigh Ali Khalifa al Sabah, Kuwait's Minister of Oil, said the assumption is that "by the end of this period, we are nearer to the figure collectively that we would like to produce."

In the meantime, Iraq's demand for a substantial increase in its allocation from 7.5 per cent to 14.3 per cent of the Opec total hangs heavily over the prospects for any effective action by the organisation..

Its refusal to abide by the 1.2m h/d quota set for it under the October 1984 pact has probabyt hee nthe disruptive factor behind Opec's failure to work out a formula well designed to reverse the slide in member'a fortunes.

The majority were not too woried about the dissent of the triple alliance about overall praduction levels. While Algeria has not sought to exceed its crude quota, striving instead to maximise sales of condensates and natural gas, Iran and Libya have had difficulty fulfilline their allocations and will probably continue to do so in the coming months.

Honecker's Bonn visit recedes

By Leslie Colitt in East Berlin

THE SOVIET UNION and East Germany yesterday sharply condemned West German support for US policies, thus virtually eleminating hopes that Mr Erich Honecker, the East German leader, would be permitted to make his first visit to West Germany in the near future.

The attack on Bonn was contained in a statement issued yesterday by the East German news agency after a meeting on Monday between Mr Mikhail Gorbachev and Mr Honecker.

It said the situation in Europe could be considerably improved if West Germany chose the path of detente and good neighbourly relations. The policies of the present *West German Government,* however, "unfortunately go in the opporsite direction."

The statement cited Bonn's support for the US Strategic Defence Initiative programme, the transformation of West Germany into a "launching pad" for US missiles, as well as Bonn's alleged support for "dangerous revanchist forces."

West German officials who, along with their East German counterparts, had been optimistic about Mr Honecker's chances of visiting West Germany said the tough statement appeared to rule out a visit.

The Soviet Union had previously put pressure on Mr Honecker tn cancel a scheduled visit to West Germany in September 1984. Soviet officials said then that such a visit was innpportune so soon after Bonn had permitted new US medium-range missiles on its territory.

Until yesterday's joint statement there had been no clear public signal to Mr Honecker from Mr Gorbachev on the state of the long-delayed visit. The Soviet leader had spent six days in East Berlin where he attended the East German Communist Party congress.

Paris admits 'harassment' of NZ goods

By Our Paris Correspondent

THE FRENCH Government conceded for the first time yesterday that imports of New Zealand goods were being held up for political reasons.

Up to now both the conservative administration of Mr Jacques Chirac and the previons Socialist administration have only "taken note" of New Zealand protests that France was curhing its imports because of New Zealand's refusal to release the two French foreign intelligence agents convicted for their part in the blowing up of the Greenpeace boat "Rainbow Warrior."

Yesterday, however, Mr Michel Noir, the External Trade Minister, conceded that New Zealand imports of wool, lambs hrains and other products were being held up by "little acts of harassment." He added that this was "not entirely for commercial" reasons but he hoped that France'a dispute with New Zealand could be resolved on a reasonable basis.

French reqnests for the release of the agents have been rebuffed by Mr David Lange, New Zealand's Prime Minister on the grounds that he does not bave the authority to reduce a prison sentence imposed by the courts.

Mr Chirac, however, bas made the freeing of the officers one of the priorities of his administration.

Romania under attack over Serb minority

By Aleksandar Lebl in Belgrade

SERB politicians in Yugoslavia have joined in the international criticism of Romania for trying to "assimilate" its ethnic minorities and for pursuing "the creation of a unified Romanian nation."

According to a 1979 census, there were 34,000 Serbs and 7,600 Croats, mainly in south-west Romania. But the Yugoslav consulate general there could not now gather data on the Serb and Croat minorities, the Serb parliament was told.

Romania has already attracted criticism fnr its policy towards much larger Hungarian and German minorities.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. Guiollettstrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd, 1986.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

هكذا من الأصل

OVERSEAS NEWS

South Africa faces stern test on apartheid

By Anthony Robinson in Johannesburg

THE SOUTH AFRICAN Government today faces the greatest single test of its commitment to phase out what President P. W. Botha has called "the outdated concept of apartheid" when it publishes its White Paper on urbanisation and the details of plans to abolish the hated pass laws.

Last week in parliament President Botha announced that, from the moment of publication of the White Paper, blacks would no longer be restricted in their movement and residence by the terms of their pass books. Those in jail for pass offences would be released "forthwith."

From July 1 the passes will start to be replaced by a uniform identity document for all races. Until these are obtained however blacks will be obliged to carry their existing passes for identity purposes.

On the face of it this will mark the end of over 60 years of influx control, steadily tightened since the National Party came to power in 1948, and the removal of one of the most vexatious, humiliating and hated aspects of apartheid legislation.

Given the legacy of distrust engendered by the Government's track record of legalistic and bureaucratic sleight of hand, however, the announcement of the abolition of passes has been met with deep scepticism by blacks, and by civil rights organisations.

They point out that, even without the pass laws, the Government still has a panoply of laws and by-laws—including vagrancy, trespass and aliens legislation—which empowers it to detain, arrest and expel. Repeal of the pass laws still leaves intact the fundamental legal bases of apartheid. These reside in the 1950 Population Registration Act, which categorises all South Africans on a racial basis, and the group areas and separate amenities acts, which provide for racially separate residential zoning, educational and other facilities.

Repeal of the pass laws by itself also does nothing to alleviate the restrictive effects of the 1913 Land Act and subsequent homeland legislation which restricts black land ownership.

US 'lost five aircraft' in Libya raid

BY PATRICK COCKBURN IN MOSCOW

SOVIET intelligence shows that the US lost more than one F-111 bomber it admitted in its raids on Tripoli and Benghazi last week, the Soviet Union claimed yesterday.

Mr Vladimir Lomeiko, the chief Soviet Foreign Ministry spokesman, said that Moscow knew through "national technical means" presumably satellite or other intelligence that the US had lost at least five and possibly six aircraft.

He said that the wreckage of two aircraft had been found on the ground and two others were shot down in addition to the one F-111 which the US aircraft admits losing. "The US Air Force suffered considerable losses—and this is concealed by the US authorities," Mr Lomeiko said.

Moscow is clearly anxious to show that the US does not have the means to attack with impunity Soviet allies armed with Soviet weapons. Mr Lomeiko said: "the US wants to demonstrate its omnipotence, its ability to strike anywhere in the world without suffering losses."

The Soviet Union is clearly still angry at the American suggestion that it was informed beforehand by the US representative in Berlin on March 27 that a Libyan backed attack on a US target was planned. Mr Lomeiko repeated yesterday that no specific date on the planned explosion in West Berlin was received during the meeting.

The Soviet reaction to the British role in providing bases for the US bombers may become clearer during this week's four-day visit to Moscow by Mr Peter Walker, the British Energy Secretary and the most senior British minister to visit the Soviet capital since 1984 for anything more than a state funeral.

Mr Lomeiko said yesterday that a distinction had to be drawn between the actions of the British Government and the views of the British people which, he said, were largely opposed to the Libyan raid.

This was more moderate tone than the official Soviet Foreign Ministry protest to Sir Bryan Cartledge, the British Ambassador, last week. He was told the use of American bases "makes the British leadership a direct accomplice in the US aggressive action against Libya."

Mr Lomeiko said Soviet leader Mikhail Gorbachev's proposals for major reductions in conventional forces in Europe, would be produced at the negotiating table in Vienna when the Soviet Union had assessed the West European reaction to Mr Gorbachev's ideas.

Tony Walker detects a change in the Libyan leader's mood

Gadaffi shelves maverick approach

COL MUAMMER GADAFFI may have had his uncertain standing among Arab leaders temporarily bolstered by last week's US raid, but less clear is what impact the action is having on his position at home, particularly among colleagues in the leadership.

Western officials in Tripoli say that, while the Libyan leader appears firmly in control after a period uncertainty immediately following the raid, he may be under pressure from those around him to curb the maverick style which helped provoke the military strike.

His television speech last Wednesday was both notable for its caution about possible Libyan reprisals and conciliatory towards Europe. Col Gadaffi's manner in his few public appearances since the raid has been subdued.

This has been attributed to two factors: that he was deeply shocked by the US attempt to eliminate him, and that, as a result, he has decided to avoid for the time being flagrantly provocative statements and actions towards the US.

"He must be wondering," said one official, "when the other shoe will drop."

Western officials speculate that the Soviet Union, Libya's chief arms supplier, may be urging Col Gadaffi to exercise more restraint. Moscow has, over the years, made little attempt to hide its discomfort with the Libyan leader's idiosyncratic style and the potential this has to cause embarrassment to his few friends and allies.

Frequent attempts to conclude a treaty of friendship and co-operation between Moscow and Tripoli have got no further than an agreement in principle reached in early 1983. Col Gadaffi's four-day visit to the Soviet capital last October produced no apparent progress towards such an agreement.

The Soviets, in any case, are most unlikely to agree to mutual defence commitments to come to Libya's assistance in case of hostilities with other states.

Moscow is thought to be particularly concerned about the 2,000-to-5,000 Soviet advisers in Libya who are assisting with, among other things, the operations of advanced Sam-5 missiles installed at strategic locations along the Libyan coast.

Radar facilities used to guide these missile batteries came under attack last month when the US Sixth Fleet challenged Col Gadaffi's proclaimed "line of death" delineating Libya's disputed territorial waters in the Gulf of Sirte.

There have been no reports of Soviet casualties in the two US military actions against Libya but these attacks have hit at targets such as military bases where Russian military personnel are almost certainly stationed.

Soviet disquiet may also reflect misgivings in Syria. Its principal Middle East ally, where President Hafez Al-Assad cannot be viewing with equanimity events in Libya.

Tripoli Radio's calls to individual Syrian pilots to fly suicide missions against the Sixth Fleet to demonstrate Arab solidarity is unlikely to have pleased the Damascus leadership, whose relations with Col Gadaffi have been cool for some time. This would be true particularly over Lebanon, where Libya last year strongly supported the Palestinians against the Syrian-supported Shiite Amal movement in the so-called "war of the camps."

In the context of a possible power shift in Libya's leadership, it was considered significant that Maj Abdul Salem Mohammed Jalloud, second in command, appeared publicly last Friday to explain his country's point of view, rather than Col Gaddafi himself.

Maj Jalloud was rumoured early this year to be in political difficulties and possibly on the way out. He may have had his position strengthened by last week's events.

The Libyan number two, who is regarded as pro-Soviet in contrast to Col Gaddafi who has adopted an equivocal attitude toward Moscow, suggested that the US raid is forcing Tripoli to move closer to the Eastern bloc. "Now we are about to review our policies," he said. "If we are forced to take steps (towards closer relations with the Soviets) those who pushed the situation must bear the responsibility."

Asked specifically whether Libya planned to allow the Soviets to establish bases in Libya, he said simply: "We have not decided yet."

Maj Jalloud's appearance may also have been meant to emphasise the Libyan leadership's collective nature, which has tended to be completely submerged under Col Gadaffi's flamboyant rule.

Americans leave Beirut

OPEN VANS and jeeps crammed with Druze militiamen and bristling with guns escorted 10 Americans out of Moslem West Beirut yesterday in the latest evacuation of foreigners since the murder of three Western hostages last week, writes Nory Boustany in Beirut.

Thirty-two Britons were pulled out last Sunday in similar fashion riding to grey buses and flanked by police jeeps and hordes of gun-brandishing Moslem militias. Security measures appeared tighter yesterday for the US citizens. Hundreds of Druze fighters blocked access roads to the 5 km ride from the deserted US consulate along the seafront corniche to the museum crossing straddling the green line.

Holding pistols and Kalashnikovs at the ready, the militiamen scrutinised shell-pocked buildings nervously in a frantic race through the corniche Mazraa district, the last Moslem stretch leading to an army checkpoint on the mid-city divide.

The evacuees, a mix of teachers, university professors, a writer and a businessman, departed tearfully as their bus sped away along a palm-lined seafront avenue towards the relative safety of Christian east Beirut.

Iraq air chief tells foreigners to quit Iran

Iraq's air force commander yesterday warned foreigners to leave Iran and foreign airline and shipping companies to keep away from Iraq's Gulf war enemy, Reuter reports from Baghdad.

Air Marshal Hamid Shaaban told the ruling Baath Party's newspaper Al-Thawra: "I warn all foreigners working in industrial, economic and technical projects in Iran to stop their work and leave the country immediately, or else they will bear responsibility for their continuation."

He told airline and shipping companies that, "if they continue (servicing Iran) despite our warning, we will not hesitate to act according to our national interest."

Aquino bank move

President Corazon Aquino has ordered the rehabilitation of the state-owned Development Bank of the Philippines (DBP) to enable it to resume lending to small and medium sized enterprises, Reuter reports from Manila.

Aquino gave the directive to Mr Jesus Estanislao, the banker economist, after swearing him into office as DBP chairman. The bank's lending windows were closed in 1982 because of lack of funds.

HK changes approved

The committee drafting the basic law under which Hong Kong will revert to Chinese rule in 1997 approved a ten-chapter framework yesterday, covering civil rights, defence and other aspects of life in the trading centre.

The document outlines the legal structure under which the British colony will become the "Hong Kong special administrative region" of China, under terms agreed by Peking and London in 1984. The law will be completed by early 1988, the committee said.

Singapore blow

Government forecasts for Singapore's gross domestic product in 1986 have been revised downward, after the economy contracted a real 3.4 per cent in the first three months of the year, acting Trade and Industry Minister Lee Hsien Loong said. Official projections now envisage a 1.5 per cent fall in GDP for the full year.

Japanese believe yen appreciation has gone too far

BY CARLA RAPOPORT IN TOKYO

THERE WAS a growing sense of urgency in Tokyo yesterday that any continued appreciation of the yen should be prevented.

As foreign exchange dealers reported that they were unloading dollars because they believed that the US wants an even stronger yen, both Mr Yasuhiro Nakasone, the Prime Minister, and Mr Noboru Takeshita, the Finance Minister, said that the recent appreciation had gone too fast.

Both men indicated that concerted intervention would be mounted to stabilise the yen and that international co-operation would be sought to help prevent precipitous weakening of the dollar.

Mr Nakasone told Parliament: "The main goal is to make exchange rates stable and that needs the co-operation of other nations as well."

Speaking to a parliamentary committee, Mr Takeshita indicated that a rate of Y180 to the dollar would be an adequate level. The Group of Ten's finance ministers and central bankers had recently agreed on the importance of stable rates. This accord, he said, was interpreted to mean a stabilisation at the level at that time, which was around Y180.

Yesterday, the yen went through the 170 to the dollar level for the first time to 169.35.

● Japan's long-term lending rates are not likely to fall in concert with recent cuts in the official discount rate. While the discount rate has been cut by 30 per cent this year (from 5 to 3.5 per cent), long-term rates have lagged behind. They have come down by less than 15 per cent overall, from 7.5 to 6.4 per cent.

Japan's three long-term credit banks are understood to be watching market conditions before deciding whether to reduce the rate. It is also understood that the finance ministry would like to maintain the coupon rate on long-term government bonds to be issued in May.

Corporate long-term lending amounted to about Y2,000bn (£7.69bn) last year.

Indonesia clamps down on Australian tourists

BY OUR SOUTH EAST ASIA STAFF

RELATIONS between Australia and Indonesia, already hurt by Jakarta's outraged reaction to critical articles published recently by a Sydney newspaper, have taken a further turn for the worse.

About 180 Australian tourists were unexpectedly refused entry to the resort island of Bali yesterday following a sudden decision by the immigration authorities to reverse customary practice and insist on previously-issued visas.

Earlier in the day a number of Australians were turned back at Jakarta airport after a flight from Singapore.

Meanwhile, the bulk of an co-operation arrangement worth Australian-Indonesian defence some A$10m (£4.8m) a year appears to have been frozen.

Talks between representatives of the two governments on the matter took place yesterday, and a statement is expected today.

Indonesia has already protested to the Canberra Government over the offending newspaper articles and stopped the visit to Australia of a high-level Government minister.

Last week protesters demonstrated outside the Australian embassy in Jakarta, and there are fears for the future of delicate, marine boundary negotiations.

The articles, published by the Sydney Morning Herald 13 days ago, contained allegation about the financial deals of President Suharto's family and business associates.

Indonesian officials have denied the reports and vehemently criticised the Herald and the Australian Press in general.

AMERICAN NEWS

De Larosiere warns banks of need to support Baker plan

BY STEWART FLEMING IN WASHINGTON

A WARNING that commercial banks cannot simply wait until the economic performance of debt-ridden developing countries has improved before lending them new money was issued yesterday by Mr Jacques de Larosiere, managing director of the International Monetary Fund.

He pointed out that commercial bank lending to the 15 middle-income developing countries covered by US Treasury Secretary James Baker's initiative for boosting growth fell by $4bn in 1985. He went on to highlight "two fundamental facts of life about the debt problem."

The first, he said, is that a lack of financial support can undermine the economic reform plans of even the most committed developing countries. "Improved economic performance in debtor countries should therefore be seen as partially dependent on new net lending, not exclusively a precondition for it."

Commercial bankers argue that it is natural for the banks to hold back from new lending while these packages are being prepared and that once they are agreed new bank lending will be forthcoming. But some Third World borrowers are sceptical.

Mr de Larosiere's comments suggest that within the IMF itself there is concern about how the banks will be able to overcome the evident reluctance to lend—nicknamed "debt fatigue"—and jointly reach agreement to make new money available promptly before new economic reform programmes have clearly begun to have a positive impact.

Commenting on the effects of developing country reforms which have already begun to pay off, Mr de Larosiere pointed to the "eye-catching" improvements in the current account and trade deficits of troubled Third World debtors, adding: "In what some might regard as the real 'litmus test' of adjustment there has been a major curbing of capital flight," which he maintained had fallen by 70 per cent between 1982 and 1985.

US inflation index drops as petrol prices plunge

BY OUR WASHINGTON STAFF

A RECORD plunge in petrol prices in March helped produce a second consecutive monthly decline in the US inflation index and the first quarterly drop since 1954.

The good news on inflation from the Commerce Department was partially offset by further evidence that the performance of US manufacturing industry may still be weakening.

The Commerce Department yesterday said new orders for durable goods at US factories slumped by 2.5 per cent in March following a 0.6 per cent decline between January and February. Only a 41 per cent surge in defence orders prevented a much steeper fall. Excluding the defence sector new orders were down 5.7 per cent with the metals industry including the steel sector, transport equipment including motor vehicles, and capital goods all reporting declining orders.

The new orders series tends to be volatile but the picture of weakness in the manufacturing sector presented by the latest report is borne out by the most up to date figures for industrial production and employment in manufacturing industry.

The consumer price report, which brought the first back to back monthly declines in consumer prices since 1950 was welcomed by the White House as a sign that real inflation-adjusted consumer purchasing power will increase with the decline in inflation. Some economists are projecting a further fall in April.

US to warn Moscow on Salt 2 violations

By Reginald Dale, US Editor, in Washington

THE US is expected to issue a new warning to Moscow that, while it will for the time being continue to comply with the 1979 Strategic Arms Limitation Treaty (Salt 2), it will not necessarily do so in future if Soviet violations continue.

The US position, approved by President Ronald Reagan in the past few days, is expected to be made public once consultations with the US, European and Asian allies are completed.

Mr Reagan will stay within the treaty limits in the immediate future by ordering two 16-missile Poseidon nuclear submarines to be dismantled when a new Trident submarine, the Nevada, starts sea trials next month, US officials said. If no older missiles were dismantled the Nevada's 24 missiles would put the US 22 missiles above the treaty's 1,200 limit on multiple warhead missiles.

However, officials said Washington would make it clear that in the future the US will not feel bound to comply with the limits "when it becomes militarily important or beneficial." The aim was to give Moscow some extra time to decide whether to reciprocate.

The issue will arise again in December, when the US must decide whether to dismantle more older missiles to keep within the 1,320 limit on the combined number of multiple-warhead missiles and bombers, as more B-52 bombers are equipped with cruise missiles.

"What we do in the future," said Mr Larry Speakes, the White House spokesman, "depends on our national security needs and our commitments to our allies in meeting the threat we face, which in turn depends on what the Soviets do."

Hardliners in the Administration had argued that the US should send Moscow a clear message that it will not tolerate further Soviet treaty violations, possibly by simply drydocking the two Poseidons instead of scrapping them. Some of them welcomed Mr Reagan's compromise decision as implying that the US had already effectively decided to breach the treaty in December.

David Gardner assesses the chances of a long-awaited newcomer to Mexico's cabinet

Identikit candidate joins presidential race

MR ALFREDO Del Mazo, Mexico's new Energy Minister, is "the most ambitious man I have ever met," according to a European banker who had close dealings with him before his meteoric rise in Mexican politics, an ascent which could lead him to "El Grande," the presidency.

His promotion to the Cabinet this week has reshuffled the pack of aspirants to succeed President Miguel De La Madrid, whose single six-year term expires in 1988 and who, under Mexican law, is ineligible for re-election.

Mr Del Mazo for about a year now has been mentioned as a plausible successor, and this has made it a matter of time before a suitable Cabinet post was found.

But this was no easy task. To begin with, Mr De La Madrid has been reluctant to change ministers. There have been only seven departures from the Cabinet in three-and-a-half years: three left to become state governors (including Mr Francisco Labastida, the outgoing Energy Minister); three were removed for outright incompetence; and one, the most distinguished in the Cabinet, the Education Minister, Mr Jesus Reyes Heroles, died.

Second, the portfolios from which Mexican presidents traditionally emerge are firmly held down by men with their own presidential ambitions. Mr Jesus Silva Herzog, at the Treasury, is the other front-runner alongside Mr Del Mazo. Neither Mr Carlos Salinas De Gortari, the Planning Minister (the post previously held by Mr De La Madrid), nor Mr Manuel Bartlett, at the Interior Ministry, the key political portfolio, show any signs of abandoning the race.

There are still other candidates, foremost among them the Education Minister Mr Miguel Gonzalez Avelar, and Mr Manuel Camacho, the new Urban Development Minister, the "post-earthquake" portfolio.

The succession race got off to an indecently early start, at one stage giving the impression of a lame-duck government. The delay in advancing Mr Del Mazo, in part, have stemmed from a wish not to contribute further to the petty politicking and jostling for position among the contenders. But now that he has joined them, there is no doubt they are all under starter's orders.

By the lights of an administration which has emerged in its entirety from the federal bureaucracy, and none of whose senior members (with the exception of Mr Gonzalez Avelar, a former senator) has ever fought an election, Mr Del Mazo is an identikit candidate.

Aged 42, he is personable, confident and charming, and comes from a long-established family prominent both before and after the 1910-20 revolution. His father was a minister in the 1958-64 administration.

He is one of the few orators in the ruling Institutional Revolutionary Party (PRI) who can impart a sense of vigour and "renewal" to the recycled verbiage which is the habitual discourse of the party, 57 years in power.

Crucially, he is one of Mr De La Madrid's closest friends, and in fact is his *compadre*, by virtue of the President being Godfather to one of Mr Del Mazo's children.

Del Mazo: Identikit 'presidential' candidate

Mr Del Mazo's initial background was as a private banker, before all banks were nationalised in 1982. He headed the international division of Comermex, at the top of the second flight of Mexican banking, before taking on Banca Cremi, the banking arm of Mr Alberto Bailleres, which includes Industrias Petoles (the world's largest private silver producer), the largest insurance group in Latin America and Cerveceria Moctezuma, the brewing concern.

He modernised and expanded Cremi, but according to a former associate, "left before any judgment could be passed on his stewardship. What he did was make it grow, particularly by forging international relationships with the Rothschilds and the Rockefellers."

Cremi under Del Mazo went into partnership with Rothschilds to promote joint ventures, while a joint leasing company was set up with Chase Manhattan.

His entry into public life came with a brief spell as deputy head of the National Banking Commission, the bank regulatory body, before becoming director general of public credit at the Treasury, now a frontline job held by Mr Angel Gurria, Mexico's chief foreign debt negotiator.

Then in 1978 he took on the Banco Obrero, the trades union savings institution. In less than three years he turned a liability into profit, increasing its assets ten fold and earning the continuing gratitude of Mr Fidel Velazquez, for nearly five decades the overlord of the pro-Government trade union movement. Like "Don Fidel," ultimately the most powerful man in Mexico, Mr Del Mazo is a native of the state of Mexico, north of Mexico City. Mr "Don Fidel" almost certainly had an important say in his surprise election to govern the state in 1981.

Mr Del Mazo's particular brief was to recover the PRI machine from a well-established local clique, which even by the high standards of Mexican provincial feudalism had turned the state into an unusually powerful private fiefdom which had reached into Mexico City itself.

Mr Del Mazo not only regained control, but turned the local party into perhaps the most formidable machine the PRI possesses.

There is an authoritarian streak in Mr Del Mazo recognised even by his fans. On hearing of his appointment, the left remarked on his paramilitary approach to settling land disputes. On the actual day of his promotion, an influential group of newspaper publishers voted to break relations with any publication seen to be promoting him, because of recent changes in the state of Mexico laws they deemed to be a gag on freedom of expression.

His main obligations as Mexican state governor having been met his most immediate challenges now will involve a further liberalisation of oil export policy and public sector cuts.

Mexico is in the process of moving towards netback agreements with its major oil clients, after last month's radical decision to move to spot-related oil pricing, hitherto dismissed as "speculation." Left wing nationalist opinion, inside and outside the PRI, has been educated to regard this as an inadmissable surrender of sovereignty over Mexico's main resource.

Further, the announcement of a major sell-off of public sector enterprises is imminent. Though the De La Madrid Government is committed to slimming down the public sector, Mexican opinion has had the centrality of state enterprise drummed into it over the years.

Tripwires aplenty await the new "cardinal," as presidential aspirants are known, before he sees even a puff of white smoke on the 1988 horizon.

US will not charge Arafat over diplomats' deaths

THE Justice Department said yesterday it would not bring charges against Palestine Liberation Organisation (PLO) leader Mr Yasser Arafat over the killing of two US diplomats 13 years ago in the Sudan, Reuter reports from Washington.

The Department cited lack of legal jurisdiction over the killings and insufficient evidence linking Mr Arafat to the murders.

Ambassador Cleo Noel and Charge d'Affaires George Moore were killed along with a Belgian diplomat after being taken hostage in Khartoum by eight guerrillas demanding the release of Sirhan Sirhan, convicted killer of Senator Robert Kennedy, and other prisoners.

Responsibility was claimed by the Black September Organisation, an arm of the PLO.

The case was reopened last November after Mr Charles Lichenstein, former deputy UN ambassador, gave the Justice Department new evidence which he said implicated Mr Arafat in planning the embassy takeover

Bolivia resolves teachers' strike

THE Bolivian Government agreed yesterday to re-hire nearly 75,000 sacked teachers and promised to raise their wages eight-fold from their monthly average of about 40m pesos (£13.24), Reuter reports from La Paz.

The signing of the agreement with teachers' representatives defused a series of nationwide road blockages and strikes drummed up by trade unions in support of the teachers, who were dismissed in February after refusing to start classes.

Officials said they hoped the move would ease social unrest

Haiti candidate voices fear of possible coup d'etat

A LEADING presidential candidate fears a coup d'etat in Haiti by supporters of exiled former president Jean-Claude Duvalier, agencies report from Port-au-Prince.

"The country is in danger," Pastor Silvio Claude, founder of the Christian Democratic Party of Haiti (PDCH), told a rally yesterday at the national palace after marching through the capital with 3,000 pro-government supporters.

Mr Claude, one of about a dozen presidential candidates, told the rally that unless ruling council president Lieutenant General Henri Namphy removes all Duvalierists from office, Haiti faced the prospect of being overrun by what he described as well-armed Tonton Macoutes.

The march was one of the relatively few signs of support for the beleaguered Government, which has been beset recently by public and private sector strikes, the resignations of cabinet ministers, and the looting of food warehouses.

WORLD TRADE NEWS

Krupp unit to plan Argentine DMT plant

By Peter Bruce in Bonn

KRUPP KOPPERS, the process plant arm of West Germany's Fried. Krupp steel and engineering group, has won a rontract to plan a DM 200m ($90.9m) dimethyl terephthalate (DMT) plant in Argentina.

Krupp spokesmen said yesterday the group would also manage the construction of the plant and its commissioning, late in 1988.

DMT is a feedstock used in the production of polyester fibres. The plant, which will bave a capacity of 45,000 tonnes a year, is to be built in Ensenada, near Buenos Aires.

Krupp, which built a DMT plant in Argentina in 1972, would not say how much its contract was worth.

The construction of the new plant, the company said, was designed to make Argentina self-sufficient in DMT.

Krupp said it had already planned or built 18 other DMT plants around the world.

The new plant is being planned round a process developed by Dynamit Nobel, formerly part of the Friederich Flick group in West Germany

Dynamit Nobel will also take a share of the construction and commissioning contracts awarded by Petroqimica General Mosconi, the Argentine client.

Oil market fall hits Hungarians

By David Buchan in London

HUNGARY's largest chemical trading company, Chemolimpex, expects to see its hard currency earnings fall 20-25 per cent this year because of the depressed world market for oil and gas-related products.

Mr Janos Sandor, Chemolimpex's development director, yesterday further illustrated the squeeze in which many Hungarian exporters now find themselves by pointing out that even the modest recent fall in the price of Soviet oil and gas sold to Hungary was not being passed on to domestic producers.

To maximise tax revenue, the Budapest Government was maintaining price levels of naphtha and gas, the raw materials on which 70 per cent of the chemical industry depended.

Hungarian Government officials have forecast a $200m drop this year in exports.

Brussels gives Canberra 'no dumping' pledge

BY PAUL CHEESERIGHT IN BRUSSELS

AUSTRALIA'S erratic relationship with the European Community looked set to enter a period of calm yesterday after talks between Mr Bob Hawke, Australia's Prime Minister, and Mr Jacques Delors, the president of the Commission.

"The basis and framework for relations between EEC and Australia bas been significantly improved," Mr Hawke said in Brussels.

He had received assurance that, in the short term, the Community would not start dumping its agricultural surplus in markets built up by Australia and that, in the longer term, agriculture would play a prominent part in a new round of international trade liberalisation talks due to be launched later this year.

This year, relations between the two have been characterised by mntual recrimination. Australia has been vociferous in its criticism of the EEC's common agricultural policy.

It has expressed fears of being trapped in a farm trade aubsidy war between the US and the Community. The Commission has accused Australia of being unfriendly and put off planned ministerial consultations.

In the new atmosphere of bonhomie, these consultations will be reinstated and the two sides are to explore, in a new dimension to their relationa, possible co-operation in technological research and development.

On specific farm trade matters, Mr Hawke received from Mr Delors:

- Confirmation that the Community will not interfere in the Australian marketa of Japan, South Korea, Papua New Guinea, Malaysia, Singapore and Thailand through the use of farm export subsidies;
- Agreement that there sbould be a standstill and rollback of farm anbsidiea and that thia cannot wait for the outcome of the new international trade talks;
- An undertaking that there will be talks to improve access to the Community market for Australian beef;
- Strict adherence to the minimum price provisions of the International Dairy Agreement.

Mr Hawke is touring selected Community capitals after a visit to Washington last week. His talks so far bave not diminished Australian fears of an EEC-US farm trade subsidy war.

"The possible danger of conflict is a real one," be said. He remaina anxious to avoid the two settling the problems of the sector "leaving Australia and others out in the cold."

Australia awards Italians A$29m radar contract

BY EMILIA TAGAZA IN CANBERRA

AUSTRALIA has awarded a A$29m (£14.5m) contract to Italy's Selenia Industrie Elettroniche for two airfield surveillance radars.

Mr Kim Beazley, the Defence Minister said yesterday that one would be installed at the Tindal Air Force Base in the Northern Territory, whicb is being developed for one of Australia's Hornet squadrons. The other system will be installed at the East Sale base in Victoria.

The contract is covered by the Australian Government's offsets policy, whereby foreign suppliers of government contracts worth at least A$2.5m are required to pass on part of the work to Australian companies. The offset requirement is 30 per cent of the contract value.

Mr Beazley said Selenia had agreed on Australian participation in the design and manufacture of the equipment. In addition, the company's Australian partner, Ansett Technologies, would manufacture and programme two automated test stations for the maintenance of the equipment.

Slice of Bosporus bridge deal goes to UK

By Christian Tyler, Trade Editor

BRITISH companies bave won a consolation prize in the contentious affair of the second Bosporus bridge.

The Japanese consortium, led by Ishikawajima-Harima Heavy Industries (IHI), that secured the prestigious contract haa subcontracted part of the work to two UK companies.

In a deal worth £8.7m, it has ordered some 10,000 tons of cable and rope for the suspension bridge from Rylands-Whitecroas of Warrington, Lancs., and British Ropes of Doncaster, Yorks.

Despite British Government protests at the defeat of the UK bid a year ago, and subsequent demands for a share of the work, the sub-contracts are not a political gesture, IHI said yesterday.

"We cannot afford to do that. We are a commercial company. The contracts were won on price," Mr Yasubiro Asakino, IHI's general manager for European operations in London, said.

The Japanese, wbo also won on price, are still annoyed by British ministers' claims at tbe time that Japan had stolen the contract by its larger offer of concessionary finance.

They were also upset by what they regarded as the peremptory demand by the unsuccessful contender, Trafalgar House and its subsidiary Cleveland Bridge, for a share in the work.

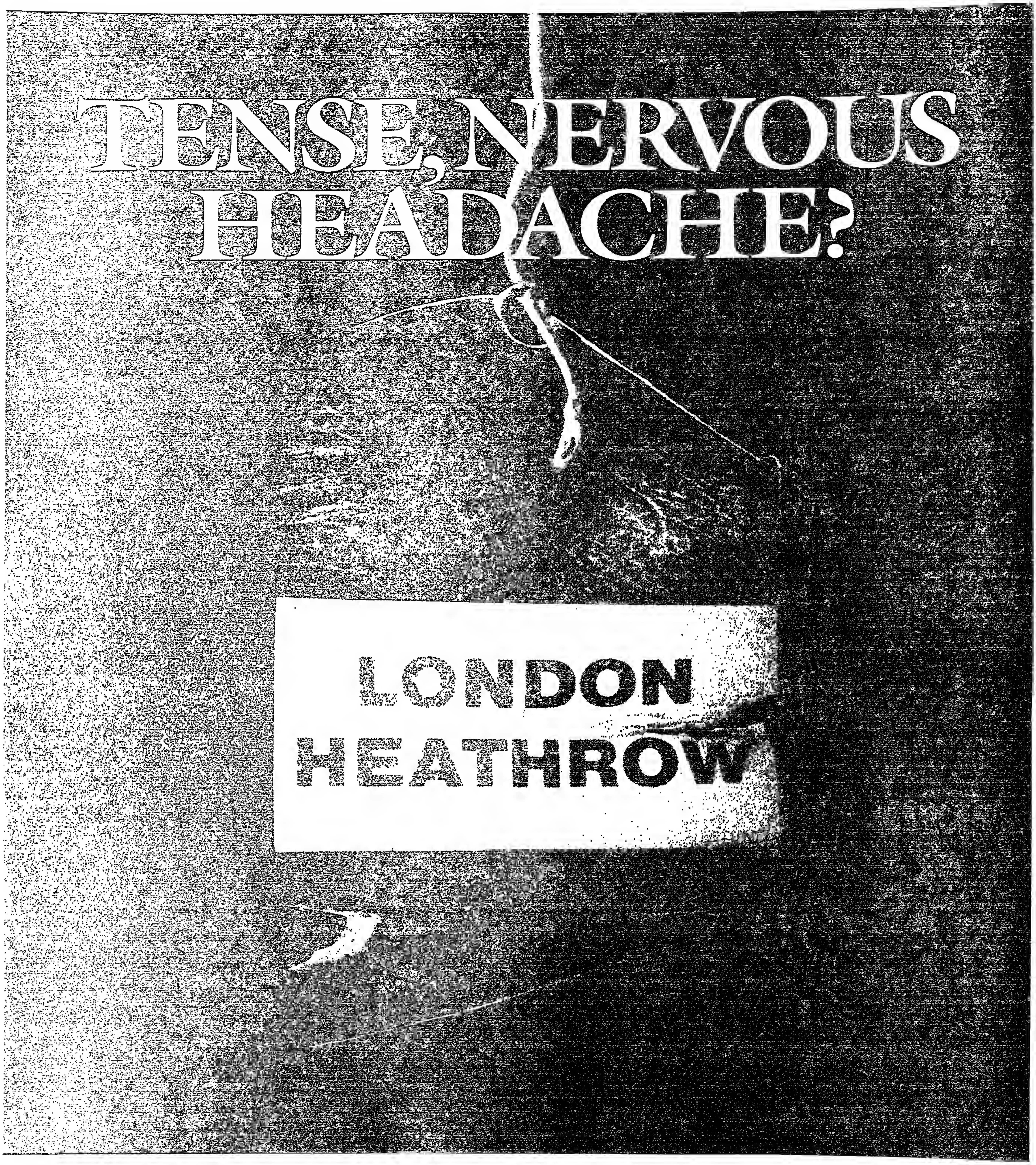
However, Mr Asakino yesterday stressed IHI's interest in finding British partners for future projects in third countries, and praised the rope manufacturers chosen this time for their bigh technical standards.

The contract for the suspension bridge, with 37km of road, is valued at $270m (£180m) to be funded by Japanese government credit of $205m at 5 per cent, and commercial credit of $71m at 9.375 per cent.

Three other contracts for associated motorway, the be built by Turkish and Italian partners, bring the total value of the project to $551.2m.

The consortium of British, US, West German and Turkish companies bad bid $312.7m for the bridge section and $676.5m for the total

هكذا بين الأجلي



A curious ailment seems to affect those who fly via the airport on the left. Confusion, stress, loss of direction. It's known to the cognoscenti as Heathrowitis.

Other sufferers describe it as airport lag.

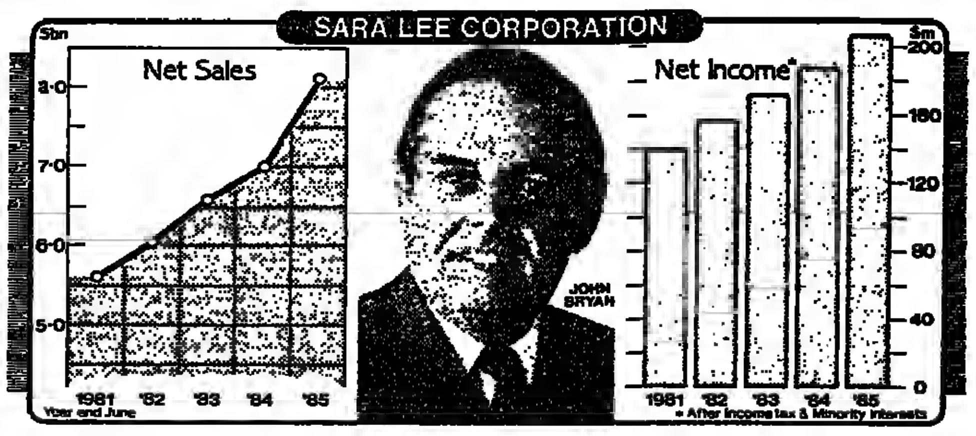
Flying via the airport on the right has the opposite effect on the traveller. Passengers experience a feeling of well-being. A soothing, unruffled sensation.

A mere half hour from Central London by non-stop trains every 15 minutes, you go straight into a single airport terminal for all departures.

THE MANAGEMENT PAGE

Christopher Parkes talks to the chief executive of Sara Lee, the US foods to medicines group

The life of Bryan



BY ANY standards John Bryan is a strikingly direct man. "I am not a product of the system. I am a product of nepotism," he says, managing to sound arrogant and disarming at the same time. "I got a job because my father gave me one. I have never climbed a corporate ladder. I have never not been head of a company." Wavering only slightly, he concludes: "And I'm young."

Bryan, approaching 50, rattles off the professional record—an unusual one for a US top-ranker—which has made him chief executive of Sara Lee, one of the 50 biggest corporations in the US and a once-creaking foods conglomerate.

He took charge 11 years ago when he was 38, after his family's meat business had ended up under the control of Consolidated Foods Corporation, the messy grouping which changed its name to Sara Lee a year ago.

That change appears to be the finishing touch to the disciplined restructuring which has occupied Bryan since he took over.

Sara Lee has emerged from the stormy 1970s virtually unaffected by the troubles which have afflicted competing groups like Beatrice, General Foods and General Mills. While they were still busy acquiring new and ever more diversified businesses, Bryan was going in the opposite direction, quietly disposing of non-core operations and building a group specialising in branded packaged consumer goods.

The company had made its mistakes. In the late 1960s the management was obliged by the US regulatory authorities to sell off 25 per cent of the business, mainly the distribution end. But in the rush to rebuild it added on a rag-bag of ill-matched subsidiaries, which threw the company off balance.

Sales had recovered but profitability was suffering when Bryan took control. He promptly dumped about 60 businesses making commercial and industrial products, and dealing in basic commodity foodstuffs.

Last year Sara Lee sold more than $8bn-worth of foods, coffee, personal care and household products, gloves, underwear, tights, tobacco, candy bars, canned vegetables and home medicines. Outside the US it is best known for Douwe Egberts and Chat Noir coffee, Amphora and Drum pipe and rolling tobacco, Kiwi shoe polishes, Sara Lee frozen cakes, Aspro and Rennies.

The most striking oddity is Sara Lee's Electrolux vacuum cleaner business—no connection with the Sweden-based multinational appliance company. However, claims Bryan, it might appear out of place in any group. It is unique in that its products are sold door-to-door and cost up to $600 each. It is also extremely profitable, he says.

Wall Street likes what it sees. "The people at the top are very sophisticated," says one analyst. "Many of their markets are very competitive, but they are in the business they know best and that gives them the edge over the others."

Bryan's rebuilding process started in the boardroom. "When we bought a company we gave a seat on the board as part of the deal," he explains. "The barons would meet, each with a constituency to protect, and we ended up with an ungovernable situation."

Seven of the barons left in the first wave of changes. Now there are only four insiders on an 18-member board, with the rest drawn from a wide range of businesses, including banking, oil and drugs. "We have two females where most have only the token one." And there is Paul McCracken, a former economic adviser to President Nixon. To tighten operational control, he increased staff at the group's Chicago headquarters from 50 to 200.

"The board is not there to manage the business," declares Bryan. "It is there for two or three major moments in the history of the company. It is needed for the transition between chief executive officers, something which is often done badly. It has to attend any change of ownership, when the right judgment is critical . . ."

He breaks off, frowns. "Board members *must* be independent. I can't *stand* cronyism."

Declaring himself a good delegater, leaving individual companies' management to run their own operations, he values his board colleagues above all as advisers. "They are my window on the world."

Through that window Bryan thinks he has a clear view of the future. In the past few years he has rounded off the rebuilding of the group with three major acquisitions. For a total of about $1bn, Sara Lee has taken in the Hanes knitwear, hosiery and underwear business, the Douwe Egberts coffee company based in the Netherlands, and Nicholas Kiwi, which makes household products and pharmaceuticals.

"I think the chances of buying more companies of the same quality now are virtually nil," states Bryan. Today he sees the main opportunities for growth in the developing world.

"The chances there are greater than fighting a bunch of elephants in mature markets like the US or Enrope," be says.

He recounts a story told him by an internotional banker about corporate life in Vietnam. "We were on the last plane out of Saigon. We had made a lot of money there . . . and we didn't leave a penny behind." It is not clear if he approves or disapproves, but the moral is plain: even in the worst circumstances western business can profit bandsomely in developing countries.

By contrast Bryan speaks almost wearily of recent experiances in more traditional markets. In the Netherlands, for example, be seems aggrieved by statutory controls on management which may tend to fudge decision making.

But there are beasts far nastier than elephants. Bryan reserves a special contempt for "Wall Street technologists, junk bond jugglers and lawyers with their games and gimmicks" wbo he blames for spawning the receot outbreak of mergers and asset stripping in the US.

Having escaped the attentions of predators so far, Bryan believes Sara Lee is in a strong enough position to resist. No "good" company has yet fallen prey to the strippers, he claims. Also, tha technology of defence has improved, even though be bas not time for poison pills and similar devices. "We run our business in the old-fashioned way," ba says confidently.

Apart from any old-fashioned tactics he may have up his sleeve, be says any bidder would have to pay "a monstrous price" to get its bands on Saro Lee—more than 20 times earnings at present levels.

The company's new name may bave a cosy, down-bome ring to it. But just as Poob's pal Tigger is a potential man-eater beneath the cuddly exterior, so Sara Lee bas s baseball bat tucked in ber bustle. Sbe last used it in 1984 in the sulpburous battle which developed wben Reckitt and Colman bad tha temerity to try to upstage the company in its takeover overtures to Nicholas Kiwi.

It is still to hand. "If anyone decides to get sbusive or opportunistic," snarls Bryan, "we'll beat the living daylights out of them."

Japan's threat to US skills

A study suggests that US companies are the losers in joint ventures. Nick Garnett reports

JAPANESE PRODUCTION plants in the US and the operation of most joint Japanese-American ventures are eroding engineering skills in the US and will permanently enfeeble its manufacturing base.

These collaborative deals have been designed by the Japanese to protect higher paying prodnction jobs, and the most complex and higher "value added" elements of manufacturing, from being exported from Japan. And while Jopanese companies are willing to establish basic research, assembly and marketing in the US, they are nsing collaborative deals to strip American project engineering and production process skills out of the US.

This is the main and somewhat controversial conclusion of a study by Robert Reich, former director of policy planning at the Federal Trade Commission during the Carter Administration. Now a tutor in political economy at Harvard University, Reich has become one of the foremost advocates of the argument that the US Government should develop an active "industrial policy."

Written with Eric Mankin, also at Harvard, the study addresses itself to what some Japanese refer to as the "hollowing out" of US manufacturing. Tha study is almost totally negative about the impact of these collaborativa ventures.

"The implications of this trend for US companies, workers and the national economy are uniformly bad—joint ventures with Japan give away our future," say Reich and Mankin in a summary article in the latest Harvard Business Review.* They argue, in effect, that US companies which lock themselves into these deals are presiding over their own funerals.

Figures from the Japan Economics Institute show there are more than 520 plants in the US in which Japanese investors own a majority stake.

Reich and Mankin concentrate on the auto industry, machine tools, consumer electronics and semiconductors but argue that their conclusions apply to most sectors where the Japanese either produce in the US or act as major component suppliers.

The academics do not appear, however, to examine the value of local content arrangements or the severe pressure on companies to agree collaborative deals. Nor do they consider in any depth what US companies can learn from Japanese skills in manufacturing management, though they are certainly very pessimistie on this issue.

The most significant competitive gains can be made from learning about manufacturing processes, Reich and Mankin argue. "But the result of the new multinational joint ventures is the transfer of that learning from the United States to Japan."

"The Japanese investment in US factories gives the Americans experience in component assembly but not component design and prodnction. Time after time the Japanese reserve for themselves the part of the valne-added chain that pays the highest wages and offers the greatest apportunity for controlling the next generation of prodnction and product technalogy." One of the nubs of Reich and Mankin's thesis is the snowball effect of all this during times of rapid technological change. "If Japanese companies continue to build the most complex components using complex production processes their US partners have little incentive to train workers in product and production engineering.

"The Japanese partner continues to move down the production learning curve by making products destined for US markets. Thanks to these joint ventures and coalitions, the efficiency gap between US and Japanese manufacturing processes will continue to widen."

Acknowledging the Japanese willingness to build laboratories in the US, Reich and Mankin point to Nippondenso's research centre in Detroit for automobile electronics and ceramics, and that of Nakamichi in California for computer peripherals. Most major Japanese companies also fund research at American universities, with first refusal in licensing any products or technologies developed there. But the study claims that tha results of all this research are almost exclusively returned to Japan for commercial exploitation.

In the auto industry the academics argue that in the deals between General Motors and Toyota, Chrysler and Mitsubishi, and Ford and Mazda, the US vebicle builders are delegating (or will do so) all plant design and prodnct engineering responsibilities to the Japanese partners.

Machine tools tell a similar story. US companies were unprepared for the tcchnological advantages of the late 1970s and 1980s. They could only keep their heads above water by selling products manufactured in Japan. By 1983 more than three quarters of all machining centres sold in the US were made in Japan though often with American nameplates.

Even US companies that developed new machine tools now look to Japan for manufacturing — a new machine from Acme-Cleveland jointly developed with Mitsubishi is to be made in Japan.

A drawback of the study is that it makes no reference to the success of the West German machine tool industry, which has kept mucb more of its independence, does most of its own manufacturing, and in many prodncts still ant-exports the Japanese.

The study concludes that, by falling in line with the long-term strategy of the Japanese, US companies have sold themselves too cheaply, putting themselves into an acutely vulnerable position. US companies' sales and distribution agreements with the Japanese will become less and less profitable, the authors argue, because the value provided by the US partner is potentially replaceable. Having gained access to its customers, the Japanese can decide to set up their own distributive networks or squeeze the US distributors' profit margins.

Reich and Mankin make no comments on the steps US companies could take — or are doing — to make themselves more competitive as producers on US soil. Instead they say the US Government could play a major role by creating incentives for companies, no matter where they are beadquartered, to invest in complex prodnction in the US using American workers and engineers. This would inelnde subsidies for investment in prodnction experience to make np diminished short-term profits that arise from such investment.

* *Harvard Business Review March-April 1986. Reprint 86210.*

Flexibility: long way to go

"IF IT'S running it's minc, if it's broken it's yours." For long in Britisb industry, that kind of thinking has typified the division between maintenance and production. Changes are occurring: "flexibility" is now a key labour market concept—whereby different forms of peripheral workers are used to supplement core workers. It also involves occupational changes: specifically, the relaxing or abandoning of demarcations in industry.

Incomes Data Services, the pay researcb organisation, is to publish shortly tha first lengthy, detailed, outside study of bow far-reaching and how important is this breaking-down of barriers.

"With very few exceptions," it conclndes, "the process of achieving full-scale flexibility bas bardly begun . . . in generol, progress bas been limited. The gap between the few advanced companies and the large majority is considerable." Demarcation, as practised and castigated in Britain in the 1960s, bas for some time been fading awoy under tbe combined pressures of recession, new tecbnology, and competition, the study suggests, but that does not mean that the more recent cbanges happening in o few companies —and it is only a few so far—are not significant.

Flexibility is one of o number of radical changes in industrial relations practices—others include single-union arrangements, strike-free deals and full single-status arrangements — wbicb bave implications for both managers and employees.

The study looks at change in a range of companies, from Sony to Anglesey Aluminium, from Westland to Nabisco. Many bave been scrutinised previously, though in particular, it looks in detail for the first time at Mars in Slough. Here, the company — which pays well for the area, bas a company-wide profit-sharing scheme, full single status, with all staff eating in the same restaurant and enjoying tha same boliday and pension arrangements—trains fitters to be "electrically compatent" to City and Guilds standards. Initial scepticism among its in-bouse alectricians was worn down by the standard of tha fitters' electrical knowledge and the eontribution they made.

Mars also recruits people with specific trades for diract production jobs: "tradesmen normally get job satisfaction from tha repair and maintenance of mochinery," says a Mars manager in the report. "Now they have to get that satisfaction from keeping their machine at a high level of efficiency, monitoring it carefully, getting more ont of it tban someone else. Some people wbo were tradesmen can managa this, some can't."

A further innovation in the company la the computerisation of maintenance — cutting down on the time wasted by chargchands (sometimes as much as 80 per eent of their time) as they tried to find s fitter. "After some initial scepticism," says a manager, "we introduced VDU terminals instead of the old log book. Anyone can key in a requcst for a job; it flashes up on the screen. A fitter keys in that he'll take it on, and then feeds back loto the machine whsn he's done it. Yon even end up with a job history.

"Everyons loved it, and the chargehands found that the more mundane side of their job had been removed."

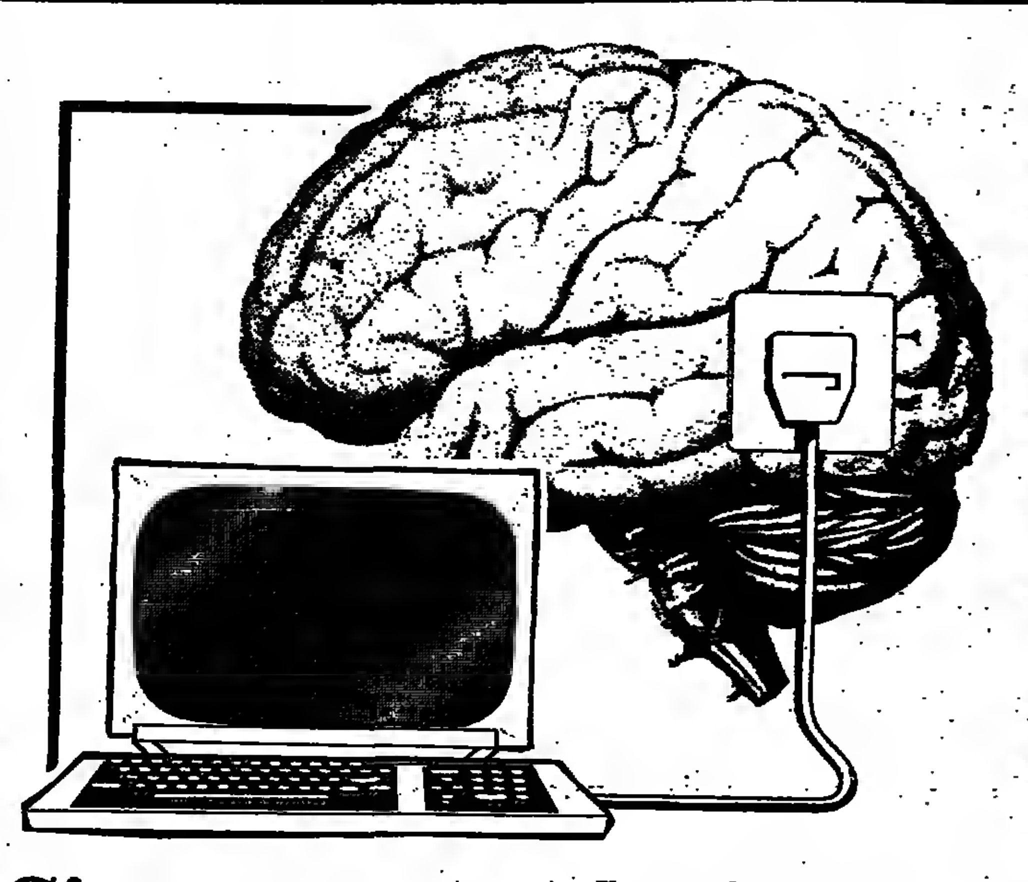
From its examination of most of tbe naw flexibility deals so far struck, IDS reaches a nnmber of broad conclusions:

- Change bas barely started.
- Many of the most impressive-looking agreements are really only enabling deals, establishing the possibility of change, sometimes over a long period. The real test is still to come.
- Widely-different aims in companies make for different requirements—sometimes more skills, sometimes fewer.
- Real chonge depends on consent and commitment, and cannot properly be introduced solely by managerial prerogative. "No company has been abla to implement significant change without the involvement and support of employees." In most cases, this involves paying more — sometimes considerably more.
- Change in the workforce requires change in management too. "Management's restrictive prectices and demarcations," the study says, "for exampla between production and engineering, need to be eliminated as the pre-condition for any major change."
- Flexibility is changing the role of the front-line manager perhaps more than any other single job. The foreman's role is being replaced by self-supervision or even by automatic supervision (on-line monitoring of output and computerised fault-finding), requiring in its turn better and more flexible managers.
- Simpler bargaining arrangements—often with only a single union—are often seen to be a virtual necessity.
- While the dramatic examples of flexibility are nearly all in factories constructed since the early 1970s, a greenfield site is neither a pre-condition nor a guarantee of change.
- Real flexibility involves a commitment to continual change: not a one-off set of alterations to curreot practices, but the ability to respond to changing needs over a period of years.

Flexibility at work. IDS study No. 360, April 1986. IDS, 193, St John Street, London EC1V 4LS. By subscription.

Philip Bassett

TECHNOLOGY



Singapore puts brainpower behind thinking machines

Stephanie Yanchinski on the country's ambitious plans to upgrade its computer expertise

SINGAPORE has set out on an ambitious course to become a world-class centre for research into artificial intelligence (AI). But it faces a number of barriers if it is to achieve its goal.

The country has wide-ranging plans to upgrade its computer expertise from mainly parts assembly to the design of "thinking machines" at the very forefront of computer technology.

Central to this strategy is Singapore's new S$21.5m Information Technology Institute, due to be completed in October. This will serve as a centre for applied research and development in all aspects of information technology. It will closely collaborate with industry, and artificial intelligence rates as a top priority, with its own special laboratory.

ITI will also gather together research groups currently scattered throughout government agencies. In addition it is planned to launch new undergraduate programmes for AI training, and strengthen postgraduate research by inviting the best of foreign experts to teach.

The aim is to turn Singapore into a first rate centre for computer software design and win a share of the lucrative market in computer programs. At the same time Singapore mandarins see AI as a tool for boosting industrial competitiveness, and a key to its cherished aim of becoming a "knowledge centre" for south-east Asia.

Dr Yeo Ning Hong, Minister for Communications and Information and himself an expert in AI, told a recent gathering of AI experts that artificial intelligence "is essential to our role as a knowledge broker."

Artificial intelligence involves the application of the principles of human thought to computers. This converts simple "number crunchers" into thinking machines capable of matching or even bettering the best human experts in certain narrow areas.

Sales of AI hardware and software topped US$700m, in 1984, according to a new study by merchant bankers Rothschild. The new found commercial success of AI is largely due to innovations in software called expert systems. These sophisticated software programs endow computers with the ability to mimic human thought.

Expert systems are not "free" thinkers. They work to set "rules," compiled from interviewing human experts about how they think. However, the mechanical boffins also depend on "heuristic" reasoning, sometimes called the art of good guessing.

Like human beings, the thinking computer builds up knowledge through experience. This enables it to tackle complex problems which cannot be solved using conventional computing.

Artificial intelligence is further advanced in the West and in Japan, where these expert computers help treat cancer, search for mineral and oil deposits, and help run steel mills and petrochemical refineries.

In the business world financiers are beginning to rely on expert systems in a variety of ways, from planning long-term capital investments, to making snap decisions on equity dealing. One prototype program even assesses the political risks attached to international investment projects for wary insurance underwriters and international loan merchants.

However, artificial intelligence could be equally important to newly industrialised countries (NICs) rimming the Pacific Ocean, such as Singapore.

The "NICs" see it as one way to compete against bigger industrialised countries, by carving out special market niches. Prof Edward Feigenbaum, computer scientist at Stanford University and keynote speaker at the recent meeting of AI experts in Singapore, said: "Artificial intelligence is ideal for a small nation such as Singapore. It requires no imports, as it is based on people's knowledge."

The Information Technology Institute will initially have a pool of 40 computer professionals who will be transferred from the existing Joint Software Engineering Programme between the National Computer Board and the Ministry of Defence. There will also be an advisory panel of international authorities.

The final programme remains to be worked out. But it is likely that ITI scientists will apply AI to solving practical problems in established industries such as shipping, transportation and financial servicing, as well as the growing telecommunications business.

Expert systems would be able to organise container loading and storage at Singapore's busy port more efficiently, for example, and save many thousands of dollars a day.

Singapore also hopes to win its share of the future market for AI equipment and software which the American consultancy firm Arthur D. Little predicts will jump to US$200bn by the end of the century.

The Joint Software Programme has already brought one expert system, POSE, close to commercialisation. Picture Oriented Software Environment is a tool for systems analysis, which can be taught in an hour.

The most lucrative application involves developed generic "shells" which could be tailored to fit a variety of industrial applications. At the moment it costs between US$60,000 and US$80,000 to purchase a single copy of AI software.

For instance, Rubicon, another product of Singapore's AI research under development, is a generic product for automating the production of expert systems for many industries, including transportation and financial servicing.

Singapore is also eyeing the huge untapped market for Chinese language programmes. At the ultra-modern Institute for Systems Science, IBM's Dr Ifay Chang is leading a small team which is close to perfecting a Chinese version of Prolog, a popular AI software, which will find applications in designing Chinese expert systems.

However, China itself offers strong competition, says Edward Feigenbaum, as interest in artificial intelligence increases. Two years ago the Chinese Association of Artificial Intelligence boasted over 1,000 members.

Singapore faces other hurdles in developing AI into a fully-fledged business. Dr Don Walker, computer scientist at Bell Communications Research, points out that there is such a worldwide shortage of AI experts that American industry "has had to resort to inhouse training. Singapore will have even greater difficulties in finding the right people."

Dr Vincent Yip, head of the Singapore Science Council, disagrees, saying that the foundation for AI training has already been laid through joint research projects between Singapore research institutes and IBM, Britain's ICL and the Japanese company NEC.

Another problem, that of where Singapore will find a market for its AI products, may be more intractable, however. The region is not ready to use AI, and local industry, with the exception of aerospace, is suffering during the current recession. It can cost a company between US$1m and US$2m to develop and implement an expert system.

Singapore's Minister of Communications Dr Yeo sums up the dilemma of Singapore, and other small countries, when he says that the "biggest barrier we face is the lack of availability of AI users" which could create a demand for products and justify the expense of training people to supply them.

Consequently, David Waltz, senior scientist at Thinking Machines Corporation, one of the new American AI ventures, says that despite Singapore's advances in AI research full commercial exploitation is three or four years down the road.

ICI set to forge data exchange links with its customers

ELECTRONIC EXCHANGE of data is to be introduced between Imperial Chemical Industries (ICI) and 100 of its customers within the next two years, using the Tradanet service offered by International Computers (ICL).

Tradanet, which ICI will use internally as well as externally, allows 24-hour, 365-day data exchange from computer to computer, regardless of manufacturer or the communications protocols used. Cost is only a fraction of that normally incurred—an invoice, for example, costs only 4p to send by Tradanet.

The system speeds up orders to suppliers and also requires an organisation to maintain only one communications link with all its customers.

Apart from ICI's eight UK divisions, ICI Americas, with annual sales of $2bn, will be the first overseas subsidiary to use Tradanet. ICL is in London on 01-788 7272.

DOUBLED DATA over telephone lines becomes possible with a new data compressor offered by UK company Racal Milgo of Hook, Hampshire.

The new model 7300 is compatible with a wide range of data protocols and is available in single and four-channel versions. High-speed microprocessors and sophisticated encoding and decoding techniques are used to cut the effective data rate in half. This allows, for example, a 19,200 bits per second data stream to be sent over a conventional 9,600 bits per second system.

EPOXIDE COATINGS that cure within a minute under ultraviolet light have been formulated at Sandia National Laboratories in Albuquerque, New Mexico, in the US. (505) 844 8065.

The material is an alternative to existing products which are solvent-based and can take hours to cure and dry fully. It uses no solvent and can be brushed, dipped or sprayed on to protect any clean surface, in thicknesses of up to 0.005 in.

The coatings, which have a non-proprietary formula, have important advantages over solvent-based epoxy coatings in that they have low shrinkage after curing, are compatible with most surfaces used in electronics, and age well. They also produce no gases after curing and are thermally stable.

BAR DRINK dispensers using high technology are on offer from Angle Services of Portsmouth, UK (0705 671421). The Optronic system

WORTH WATCHING

EDITED BY GEOFF CHARLISH

uses a sensor-monitored weir design to dispense spirits at high accuracy in 1.5 seconds, which is claimed to be at least eight times quicker than traditional devices.

The system also has an on-board microcomputer which keeps a tally of quantities sold and allows lower stocks to be held. In addition, Optronic can be connected to an external computer, printer, or to an electronic till. Available in six or eight station (bottle) form, the system can be supplied in coin or card operated versions for use in hotels.

SHRIMP PEELING at 450 kilograms per hour is achieved by a machine from Vega Vekt of Nesbru, Norway (02) 845950.

The shrimps are cooked on a belt for up to two minutes and then pass through 12 roller units in which the rollers move laterally with respect to each other, squeezing the shrimps from their shells. Metal parts are all from stainless steel and there are some 4,000 plastic components made from Du Pont Delrin (acetal homopolymer) and Zytel (polyamide resin), giving good stiffness at high temperature, improved wear and dimensional stability.

DATA COMMUNICATIONS will be the forte of a new company, Dowty Information Systems, formed by uniting two existing Dowty group companies, RFL Systems and Steebek Systems.

In an initial project, DIS will manufacture under licence an X25 concentrator design from Cableshare, the Canadian company. These devices take the data from 16 data lines and arrange it in "packets" for onward transmission over the X25 packet switched network. The new company is in Newbury, Berkshire, UK, on 0635 33009.

PNEUMATIC transporters, able to handle bulk powders and minerals at 400 tonnes per hour over distances of 1,500 metres, are becoming available in the UK from Sedair, part of NEI International Combustion in Derby (0332 760223).

The systems have been developed by NEI John Thompson (Australia) and a demonstration loop is available at NEI's Derby works.

A DESALINATION plant able to produce 45,000 cubic metres of fresh water from the sea every day — the world's largest — is under construction in Bahrain. Financed by Saudi Arabia, the plant is being built by a consortium of Korean and British companies and will use Du Pont's "Permasep" permeators.

The permeators contain fine, hollow aramid fibres and when sea water is pumped at high pressure, salts are removed in the walls and the de-salinated water flows down the inside of the fibres for collection. A second pass in a further set of permeators reduces the chloride levels to less than 200 parts per 1m.

UK NEWS

Council's stocks used up in tin settlements

BY ANDREW GOWERS AND STEFAN WAGSTYL

TWO CREDITORS of the International Tin Council (ITC) have reached out-of-court settlements on their claims against the price-support body, which precipitated the tin crisis last October by defaulting on gross debts of £900m.

The settlements involve two cases out of a flood of litigation which has been brought against the council since the collapse of efforts to rescue the tin market last month; a £10.6m claim by Standard Chartered Bank and a £3.25m award for Maclaine, Watson, the metal trading subsidiary of the US investment house Drexel Burnham Lambert.

They mean that the ITC has now apparently used up all the uncommitted tin stocks which it has available to settle claims against it. Any further claims by other creditors will thus have to be pursued by suing one or more of the ITC's 22-member governments.

Other creditors which have served writs on the council include Arab Banking Corporation and the Bank of Nova Scotia, while Kleinwort Benson is initiating arbitration proceedings.

"Now that the unencumbered metal is gone, it's all over," said the representative of one party to the lawsuits. "The real battle now begins over trying to recover money from the governments."

Under its settlement, Maclaine, Watson is understood to have been awarded warrants for 910 tonnes of tin, worth around £3.46m at yesterday's free-market tin prices. This follows arbitration proceedings under the rules of the London Metal Exchange, in which it was awarded £3.25m to cover margin payments on outstanding tin contracts.

Maclaine has now restarted arbitration proceedings on the rest of its original claim, which covered a total of about £25m. Standard Chartered is being paid in tin and cash, but declined to comment on the amount it has accepted in settlement.

However, the ITC's "free" tin stocks – that is, stocks not committed under warrant or tied up in another dispute – are known to total only 1,900 tonnes, so Standard is probably to receive about 1,000 tonnes. To this must be added the 1,500 tonnes of tin warrants which the bank already holds as a result of the ITC's default, giving a total settlement value at yesterday's tin price of about £9.5m.

Bank officials said they were "satisfied" with the settlement, and would not be pursuing their litigation against the ITC any further.

In another tin dispute, negotiations are under way between the ITC and the international trading company Transworld Metals over 800 tonnes of tin the company is holding in Singapore. The tin was contracted for just before the council defaulted, and has been held by Transworld as security for a claim it has against the ITC.

It is possible that if this dispute is settled and the remaining 800 tonnes become available to the ITC, that, too, could be used to top up the Standard Chartered settlement.

Jail staff lessen threat of industrial action

BY DAVID BRINDLE

LEADERS of the Prison Officers' Association (POA) said last night that the Government had moved part of the way to meet their concerns over staffing levels and to avert the threatened industrial action in jails in England, Wales and Northern Ireland.

This followed a letter to the union from Mr Douglas Hurd, Home Secretary, in which he apparently satisfied the POA's fears over negotiations of staffing levels under the new decentralised budgetary control in the prison department.

The union said it was still seeking assurances on the status of existing agreements with the Home Office. Until this point was satisfied, with talks expected to resume today, the threat of industrial action would not be lifted.

Peter Riddell, Political Editor, reports on the birth of a new campaign style

Labour updates image to 'put people first'

WILL nine-year-old Miss Roberts from south-west London do as much for Labour as the 60-year-old former Miss Roberts from Grantham – now the Prime Minister – has done for the Conservatives?

Yesterday the pretty and charming younger Miss Hannah Roberts was launched as "Labour's new star" – featuring on party publicity material and in last night's party political broadcast – after being kissed and carried around a press conference by Mr Neil Kinnock, the Labour leader.

Her appearance inaugurated Labour's Freedom and Fairness Campaign which is intended to present, "the modernised priorities and fresh thinking that had gone into Labour's new package of policies," as Dr Jack Cunningham, the campaign chairman, put it yesterday.

The emphasis is very much on presenting an up-to-date image of Labour in the style used so successfully for the Tories by Saatchi and Saatchi, the advertising agency, before the 1979 and 1983 general elections.

There are none of the familiar Labour motifs in the leaflets or posters. Even the colour red, and the red flag itself, have been banished – apparently temporarily, as both will reappear during the election campaigns. Instead, the message, as unveiled yesterday by Mr Kinnock, is that Labour is concerned with everyone, not just the unemployed, the sick, the poor and the disadvantaged.

Under the slogan "Putting people first," the campaign aims at highlighting policies of immediate concern to ordinary people. This is based on market research carried out for the party and discussions with advertising and other promotional advisers. This work shows that, while a majority of the public regard Labour as having the best policies on education, housing and other social programmes, many voters still see Labour as outdated and stuck in the 1960s and 1970s as compared with the Liberal and Social Democratic Alliance.

Indeed, Dr Cunningham talked yesterday of an appeal which was "more bright, forward-looking and confident in appearance."

An immediate target of the campaign is skilled working-class home owners who deserted Labour in large numbers in the last two general elections. For instance, last night's party political broadcast was aimed especially at working women with children. It referred to the provision of nursery education for under-fives, the establishment of a national network for cervical cancer screening, the danger to children's health from lead in petrol, and to helping people improve their homes with grants.

Among the specific proposals outlined in the leaflets are crime prevention grants to pay for stronger locks, glass and fencing, shorter waiting lists in the health service, fewer food additives with proper labelling, more help for first-time house buyers and a greater say for parents in education and tenants in housing.

Mr Kinnock, asked whether all this amounted to A Mark 2 version of the Social Democratic Party, argued that while the Social Democrats aimed at desirable objectives, they were unwilling to will the means, as was shown by their record on local councils.

Some of the far-left on Labour's national executive are suspicious of the campaign, which has been prepared by a small group closely associated with Mr Kinnock, in particular Mr Peter Mandelson, the director of campaigns and communications.

The hard left are worried about a dilution of the party's programme and fear that image will matter more than substance.

Last night's party political broadcast will be followed over the next few days with a mass leaflet drop in a number of key constituencies, by advertisements in regional newspapers financed by leading trade unions, and by speeches on social policy by Labour parliamentary.

At yesterday's launch, Dr Cunningham and Mr Kinnock were careful to argue that the programme was modest and had been costed.

Review of tactics in print row

By Helen Hague

PRINT UNION leaders were meeting last night to review tactics in their 13-week-old dispute with News International, in which 5,500 print workers were sacked when the company transferred production of its four titles from central London to a new high-technology printing plant in Wapping, east London.

The meeting, at the headquarters of the Trades Union Congress (TUC), came after the move by Sogat '82, the general print union, earlier this week to defer a decision on whether or not to purge its contempt of court.

The contempt arises from the union's instruction to members in the wholesale trade to "black" News International's titles – the Sun, the News of the World, The Times and the Sunday Times.

Sogat's £17m assets have been seized, and the union is finding it increasingly difficult to function. Last week, News International told the unions it was willing to augment its offer to give the unions its central London plant for the production of a Labour movement newspaper.

Jobs minister sounds warning on industrial relations legacy

BY DAVID BRINDLE, LABOUR STAFF

THE VIRUS of the so-called British disease lies dormant and ready to re-emerge to wreck the UK's progress towards a true enterprise economy, Lord Young, Employment Secretary, has warned.

Many companies needed to achieve a "quantum leap" in employer-employee relations to break the stranglehold of a national legacy of enmity between the two sides of industry, he said last night in the Stockton Lecture at the London Business School.

Lord Young's speech was the first occasion since becoming Employment Secretary last year that he had dealt at length with the question of industrial relations. It was also said in Whitehall to be a strongly personal, rather than necessarily departmental, view.

Dispensing sharp criticism of attitudes and practices of both management and unions, the minister traced back to the late 19th century the roots of what he termed the "anti-enterprise" thrust of change in the British economy.

These roots were: An education system which had little contact with, and no regard for, industry; a financial system with little concern for small businesses and new enterprises; an industrial system which sought protection from competition at home and abroad; and an industrial relations system which put a premium on conflict and confrontation.

"The whole of our society became anti-industrial. Our society worshipped at the shrine of the gifted amateur and gentleman," Lord Young said. Though there were notable exceptions, such as Marks and Spencer and John Lewis in the retail sector, UK companies all too often still reflected this heritage and displayed inability to generate common commitment among managers and staff – a goal as palpable as breaking the sound barrier in aviation terms.

Employers press case for EMS

BY HAZEL DUFFY

THE GOVERNMENT'S policy on interest and exchange rates is the subject of growing dissatisfaction among members of the Confederation of British Industry (CBI).

Sir James Cleminson, CBI president, said yesterday that the Government would reduce the volatility of exchange rates if it went fully into the European Monetary System (EMS). The ideal opportunity for joining would have been just after the budget.

Since that chance had been missed, he said that Britain should join as soon as possible, and certainly before taking over the presidency of the European Community at the beginning of June.

This would induce greater confidence in the business community in going for new export markets, and would be particularly helpful for smaller companies which find it difficult to cope with the volatility of European exchange rates as well as that of sterling against the dollar. Joining the EMS would also have the effect of bringing down interest rates even more quickly.

Harland wins naval ship order

HARLAND & Wolff, the state-owned Belfast shipyard, has won the bitterly fought battle with Swan Hunter on Tyneside, north-east England, for the contract to build a naval support ship worth over £100m.

After lengthy delays, the Government has decided that an order for only one ship will be placed now, rather than for two ships as previously expected.

A House of Commons statement, expected later this week, will confirm that the order will go to Harland & Wolff in preference to the recently privatised Swan Hunter on the grounds of both price and design. This is despite allegations by MPs in north-east England that the Harland & Wolff bid was not fair because of cross-subsidisation.

Swan Hunter is being told that it may still obtain the contract for the second naval support ship, known as an auxiliary oiler replenishment vessel, provided that its price can be reduced to match that of Harland & Wolff and that its design package is also in line.

The decision in principle in favour of Harland & Wolff was taken last week.

UK NEWS

Directors' earnings 'rise to average of £42,000'

BY MICHAEL DIXON

DESPITE pay rises averaging 9 per cent for British managers last year, the typical chief executive's differential over the male manual worker, is only marginally higher than in 1975, according to the British Institute of Management's pay survey published yesterday.

The survey, covering 23,411 managerial staff in 366 manufacturing and service companies throughout Britain, shows that on average directors' earnings rose over the 12 months to January by 9.7 per cent to £42,099. Other managers had a 9 per cent average increase to £19,544.

Meanwhile, overall earnings rose by 7.3 per cent and the retail price index by 6.1 per cent.

The typical chief executive's gross earnings – including cash bonuses as well as salary – were £61,547 in January, or 6.8 times the male manual worker's earnings of £8,986. In 1975 the chief was 7.1 times better off in gross terms.

In net terms, allowing for national insurance contributions and tax for a married person with two children, the chief's average of £33,605 was 4.6 times the male manual worker's £7,246. In 1975 the chief had 4.5 times more take-home pay, at £9,290 compared with the manual worker's £2,060.

The average net pay of managers other than directors, calculated on the same basis, was 1.9 times higher than that of the male manual worker – virtually the same differential that prevailed under the Labour Government 10 years before.

While the directors' and managers' average pay rises in 1985-86 outstripped the increase in overall earnings, the difference was accounted for by incentive bonus payments rather than rises in basis salaries.

Sir Peter Parker, the British Institute of Management chairman who launched the survey in London yesterday, said that about two in every five of the managerial staff covered by the study were now paid partly by bonuses tied to their individual performance, company results or a combination of both.

He endorsed the Chancellor of the Exchequer's view that workers in general should be paid in line with the performance of their employing organisations. It was the best way companies had of reconciling the need to keep overall pay increases below the rise in prices with the need to offer sufficient rewards to attract able people into management.

"Even so, the generality of managers – particularly in industry – are still relatively poorly paid in contrast with the glittering prizes of the City of London and much higher rewards overseas. Compared with the Big Bang, we are really only a whimper," Sir Peter said.

"Unless this position is remedied the career of management will fail to attract those of the highest calibre and the whole country will pay the price."

BIM National Management Salary Survey 1986, including Small Business Review. Available from Remuneration Economics, 51 Portland Rd, Kingston upon Thames, Surrey KT1 2SH. £165.

City criticised for reluctance to invest in tourism industry

BY JAMES McDONALD

FINANCIAL TIMES CONFERENCE
TOURISM

THE APPARENT reluctance of the UK financial institutions to invest in the tourism industry was criticised yesterday by Mr Duncan Bluck, chairman of the British Tourist Authority and of the English Tourist Board.

"The prevalent view of tourism in the City (of London) appears to be that it is a lightweight, high risk and low return industry," he said. "We are working hard to change this misconception."

Mr Bluck was speaking at the start of a two-day Financial Times conference in London on the prospects for tourism in Britain. He compared the difficulties of forecasting the future with the "exact science" of hindsight.

"Some events, like the royal wedding in July, will give us good coverage on television and in the media. Others, like the recent terrorist attacks in the eastern Mediterranean and the recent American action in Libya, will undoubtedly have an adverse effect on tourism flows."

Mr Bluck said that he was hopeful that Britain would not suffer too much "from the predicted reluctance of Americans to travel to Europe." He said: "In any event, we have been wise enough to spread our market sources in order to minimise the effect of a downturn in any one tourism market – even though North America is, of course, our biggest single market."

Last year, nearly 14.6m visitors came to Britain, spending £5.5bn. "We forecast visitor traffic from overseas to be at least 20m by 1992," Mr Bluck said. "If we assume an average annual inflation rate of 5 per cent, then we could almost double earnings from overseas visitors by 1992."

Mr Walter Goldsmith, group planning and marketing director of Trusthouse Forte, chaired the conference. He regretted the opportunity lost to the tourism trade "in the sinking of the Shops Bill," which would have ended restrictions on Sunday trading.

The time must also have come for relaxation of alcohol licensing laws in England and Wales, he declared.

Central government and local authorities could be more positive in the planning approval process for tourism development, Mr Goldsmith said.

Professor Erik Medlik, a director of Horwath & Horwath, hotel consultants, gave an economic breakdown of the importance of tourism to the British economy. On his own estimates, he found that direct employment in UK tourism last year totalled 1.05m, a rise of 20,000 employees over the year.

Mr Jon Hills, a partner in Pannell Kerr Forster, discussed if the British tax structure helped or hindered the UK tourist industry.

"To the extent that taxation is a factor at all, I believe our system encourages investment from abroad in the hotel and tourism industry," he said.

"Whether or not one can go on to say that a flood of investment from abroad is good for British tourism, is quite another matter."

Mr Peter R. Tyrie, managing director of Gleneagles Hotels, told the conference how Gleneagles Hotel in Scotland and two Edinburgh hotels had been restructured and remarketed. "Gleneagles Hotel itself required a total rethink. A hotel for dowager duchesses is not much good if you want to make any money out of it, pleasant though it may be to run." More bedroom and more winter facilities had to be created.

Mr Peter Roberts, chairman of Aspect Leisure, spoke of the venture capital role in the growth of tourism. "The evidence to date would appear to indicate that, while there is increased activity on the tourism and leisure company development side, there is a proportionately decreasing amount of both private and institutional finance being invested in genuine venture capital business."

Other speakers yesterday included Mr Max Dolding, a leisure analyst at James Capel & Co, speaking on investment in the tourism industry in the UK, and Mr John L. Broome, chairman and chief executive of Alton Towers. He spoke of modern trends in tourism, including the theme park.

UK NEWS

Japan to keep limit on share of car market

BY JOHN GRIFFITHS

UK AND JAPANESE motor industry representatives ended two days of talks in London yesterday in which Japan accepted continuation of the "gentlemen's agreement" that *restricts the Japanese* share of the UK new-car market to about 11 per cent.

The Society of Motor Manufacturers and Traders told its counterpart, the Japanese Automobile Manufacturers' Association, that it *expected* the new-car market this year to drop slightly from last year's record level to around 1.82m units, with a furthar fall to 1.785m units in 1987.

Despite suggestions from Nissan's privately owned UK importer, Nissan UK, that it would have 135,000 units "available" for sale this year – an increase of nearly a third over 1985 – it was made clear that no change in the gentlemen's agreement was in prospect to accommodate such an increase.

JAMA also confirmed that it had no intention at present of seeking to export heavy commercial vehicles – those of over 3.5 tonnes – to the UK. The informal industry-to-industry agreement, now in its 11th year, restricts commercial imports to vehicles under 3.5 tonnes and to a share similar to that allowed for cars.

One positive note for the UK's components industry arose from the talks. Mr Taskashi Ishihara, *president of JAMA, said the strong* rise of the yen presented opportunities for "worthwhile" contacts between Japanese manufacturers and UK suppliers.

UK component makers have frequently voiced disillusionment with previous trade missions to Japan. But the strengthening yen and the setting up by Nissan of its car assembly plant at Washington in north-east England – which produced its first pilot production vehicle yesterday – appears to have improved prospects for missions planned for later this year.

Biogen patents arthritis drug in West Germany

BY DAVID FISHLOCK, SCIENCE EDITOR

A TREATMENT for rheumatoid arthritis involving the latest form of interferon, gamma interferon, has been patented in West Germany by Biogen, the international biotechnology research company.

Biogen said yesterday that it hoped to bring its new treatment to the market in Germany this year, at a cost comparable with that of present drugs for rheumatoid arthritis.

Mr Jim Vincent, Biogen's chairman and chief executive, said his company also expected to secure patent protection on this novel use of interferon as an anti-inflammatory drug in the US and Britain.

The company had already tried the treatment on 250–300 patients in the US and Germany, he said. Its use as an anti-inflammatory arose from chance observations of its effects on patients being treated with gamma interferon for cancer.

Biogen had pursued the observation, even though it had no scientific basis at the time to account *for* the relief which patients experienced, Mr Vincent said.

In recent months the company had mounted a broader research programme into anti-inflammatory mechanisms, and was beginning to put the observation on a more scientific footing, he said. "This is making all of us much more comfortable." Several research papers should be published this summer.

The basis of its clinical trials has been the treatment of patients already being treated with another anti-inflammatory, so that a judgment can be made whether the additional use of gamma interferon produces a significant improvement. Mr Vincent claimed that it was the stiffest test that a drug could be given.

Dose levels administered in the trials had been *well* below *the* levels used in treating cancer patients, at doses where side-effects were proving "minimal to non-existent."

Cyanamid backs Celltech venture

BY OUR SCIENCE EDITOR

AMERICAN CYANAMID, the US chemicals and pharmaceuticals group, is spending £5m with Celltech, the British biotechnology research company, on the first phase of a major new initiative in cancer therapy.

The company is backing Celltech's ideas for a second generation of monoclonal antibodies, created by genetic engineering instead of being cultured from natural tissue, as is done at present.

The aim of these genetically *engineered agents will* be to provide vehicles which will carry drugs or radiation directly to the tumour, minimising their damage to other parts of the patient. American Cyanamid has a strong presence in Britain where it employs about *1,500. Its Lederle* Laboratories division has a range of drugs for cancer treatment and has been researching monoclonal antibodies for the past four years.

The company says it is strongly committed to Celltech's ideas for a new *generation*, *and regards its* £5m investment as a start to a longer-term collaboration which may bring its first products to the market by the early-1990s.

Celltech already has strong con*nections with the Medical* Research Council's Laboratory for Molecular Biology in Cambridge, where monoclonal antibodies were discovered in 1975, and which is still in tha vanguard in some aspects of genetic engineering.

Fears of terrorist blow to tourist trade

BY KEVIN BROWN

FEARS OF European terrorism could lead to a drop in the number of US tourists visiting Britain this year, Mr Kenneth Clarke, the Paymaster General told the House of Commons yesterday.

Mr Clarke was replying at questioo time to Mr Robert Adley (Conservative), who said Americans seemed to consider Britain as a "cauldron of seething unrest."

Mr Adley went on: "Would you ask the tourist authority to point out bluntly that if Americans really want an unsafe holiday surrounded *by violence, the best thing to do is* to go to Florida."

Mr Clarke told MPs: "At present there is a wave of feeling that it is not safe to visit Europe and this could lead to a drop in the number of visitors coming here.

"But I think that a concerted attempt to control terrorism, at airports in particular, will do more than anything else to reassure American visitors."

Mr Clarke said the British Tourist Authority had briefed overseas travel trade representatives and journalists in an attempt to reassure them that "our airport security *is good and remains higher than in* the US."

هكذا من الأصل

UK NEWS

R-R lifts aero-engine profit to £81m ahead of flotation

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE, the state-owned aero-engine maker, earned a record pre-tax profit of £81m last year – more than treble the 1984 figure of £26m.

The figures, which show that the company is gaining maximum benefit from expanding world markets, especially for civil engines, indicate that the business is strongly on course for privatisation early next year.

Turnover expanded last year to just over £1.6bn, about 14 per cent more than the 1984 level of over £1.4bn. Operating profit was up 30 per cent to £211m. At the end of the year, the order book stood at over £2.6bn and has been rising in the early months of 1986.

Analysis of turnover and profits shows that military aero-engines still dominate the company's activity, accounting for £735m of turnover and £110m of operating profits, compared with £735m and £111m respectively in 1984.

Civil engine sales have surged, however. In 1985, they accounted for £577m of total turnover, against £446m in the previous year, and for £73m of total operating profit, against only £39m in the previous year.

Industrial and marine engine activities accounted for £143m of turnover and £20m of operating profit, while other activities, such as nuclear engineering, accounted for £146m of turnover and £8m of operating profit.

The company attributes its success in world civil and military aero-engine markets to several factors. One is that it has made big efforts to widen the portfolio of different engine types that it offers world airlines and air forces, either by direct development by itself or through collaborative ventures with other companies.

Rolls-Royce has done well, for example with the new Tay civil jet engine for 100-seater and other small airliners, which is solely the company's own venture.

At the same time, it has increased its collaborative ventures, which now include work on the US General Electric CF6-80C2 high-thrust engine for the Boeing 747 Jumbo jets and other aircraft and the International Aero Engines' V-2500 medium-to-high thrust engine for the Airbus A-320 and other airliners.

This broader product range has already helped the co[illegible] crease its share of the wor[illegible] for civil engines, w[illegible] now [illegible] at about 24 per [illegible] (the rest being shared mainly between General Electric and Pratt & Whitney of the US). The company's aim is to push this share up to about 30 per cent.

The company holds about 18 per cent of the world military aero-engine market, especially with such power-plant as the Pegasus vertical take-off engine in Harrier jets for the US, Spanish and UK air forces, and the RB-199 collaborative engine for the Anglo-West German-Italian Tornado combat aircraft. Rolls-Royce aims to push this market share up to over 20 per cent.

The company has also done much to improve its overall efficiency. It has cut its labour force during the 1980s by about a third, to the current level of 41,700, where it is likely to stabilise.

It is concentrating increasingly on research and development (R&D). Spending on R&D in 1985 was up to £234m compared with £227m in 1984, and about the same will be spent this year. Much of this came from the Government, under defence contracts and through launch aid on civil ventures, but some £100m came from the company's own resources.

Much of this money has gone on advanced technology, which Rolls-Royce believes to be the key to the long-term future of aero-engine development.

It has adopted the system of building "demonstrator" engines to reduce individual programme costs. These prove the effectiveness of advances in technology before they are applied to new engines and committed to full-scale development and production.

[illegible] now under development are th[illegible] RB-[illegible], a new small turboprop [illegible] helicopter engine, [illegible] of the Pegasus VTOL engine; and a new military engine, the XG-40, which is expected to be the forerunner of the engine for the projected multinational Eurofighter.

The company is also working hard on the new "prop-fan" types of engines, in which new designs of propellers and gas-turbine engines are combined to give substantial improvements in fuel consumption compared with current jet engines.

Rolls-Royce will seek a substantial increase in its share capital at the same time that it is privatised, Sir Francis Tombs, chairman, said yesterday. Current share capital, all government-owned, is £150m of which £127m is issued.

"We are completely ready for privatisation and the earlier we are privatised, the better," he said. We are keen for it to happen, and we are convinced that we can stand on our own feet, free from the Government's embrace. We believe there are important opportunities open to us in the private sector, the natural and desirable place for Rolls-Royce."

The company will be registered as a public limited company on May 1, as the necessary prerequisite for flotation. "Greatly improved as our performance is, there remains considerable scope for further advances," Sir Francis said.

Frigg dispute hits gas supplies to industry

BY MAURICE SAMUELSON

SUPPLIES TO more than a 10th of British industrial gas users were cut off yesterday because of the continuing industrial action by workers on the North Sea's Anglo-Norwegian Frigg field which normally provides about a third of the UK's daily gas consumption.

By last night, the cuts affected about a third of the industrial companies whose "interruptible" contracts entitle the British Gas Corporation to divert supplies at short notice to domestic, commercial and other industrial gas users who rely on continuous supplies.

The scale of yesterday's interruptions was caused by unseasonably cold weather, which raised demand to about 6.5bn cu ft compared with average daily demand for this time of the year of about 5bn cu ft and the Frigg field's output of about 2.6bn cu ft.

Interruptions on a more modest scale were introduced when the Frigg dispute began on the Norwegian part of the field three weeks ago.

British Gas points out that its interruptible customers – accounting for 40 per cent of its industrial market – are able to switch immediately to other fuels, such as heavy fuel oil, gas oil or coal.

It is also able to replace some of the Frigg production from other sources, such as the Morecambe Bay field, the storage facilities in the North Sea's Rough Field project and in salt cavities at Hornsea, Humberside, and liquefied natural gas tanks throughout the country.

Spanish royal couple begin British visit

BY ROBERT GRAHAM

KING JUAN CARLOS and Queen Sophia of Spain yesterday began a three-day state visit to Britain, the first by a Spanish monarch since 1905. The visit sets the seal on improved Anglo-Spanish relations, frequently soured in recent years by the issue of sovereignty to Gibraltar.

The King and Queen were met at Heathrow airport by the Prince and Princess of Wales. Normally such a senior member of the royal family does not welcome a visiting head of state, and yesterday's presence of Prince Charles was intended to underline the close blood ties between the Spanish and British royal families.

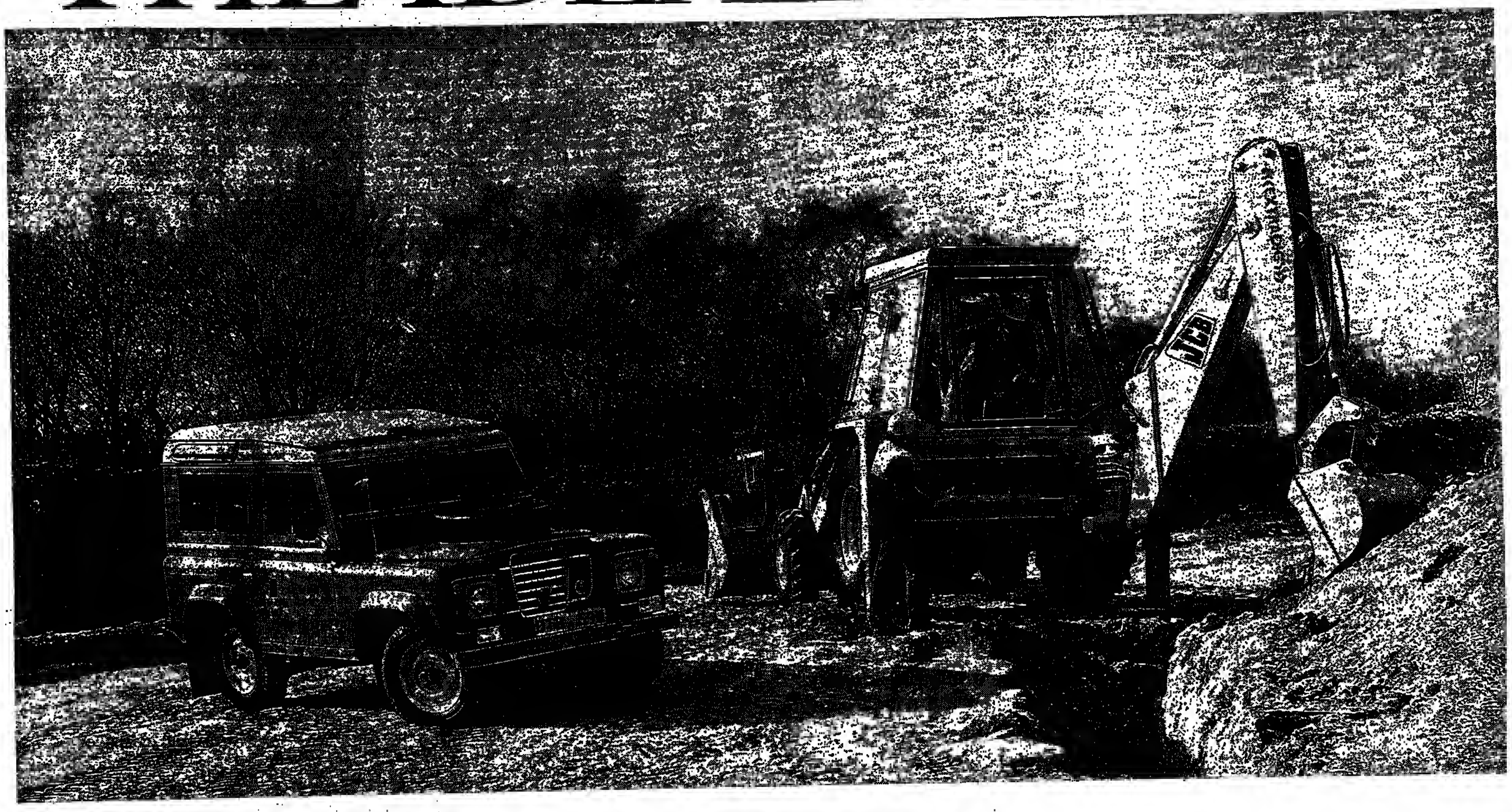
It was also a gesture to reconcile differences that arose over the Prince and Princess of Wales' decision to begin their honeymoon in 1981 in Gibraltar – a decision which led King Juan Carlos to call off the Spanish royal family's attendance at the wedding.

Security has been tightened for the visit because of threats of retaliation from Libya after last week's US bombing raid on Benghazi and Tripoli. King Juan Carlos and Queen Sophia are staying with the Queen at Windsor Castle where last night a banquet was hosted by the Queen.

Today, the King is due to address both Houses of Parliament in the Palace of Westminster, the first time a foreign monarch has been invited to do so.

Mr Francisco Fernandez-Ordonez, the Spanish Foreign Minister, who is accompanying the royal couple, will be having informal talks with his British counterpart, Sir Geoffrey Howe. These are expected to focus on ways to unblock negotiations on the joint use of Gibraltar airport.

JCB & LAND ROVER THE IDEAL MATCH



Remarkable compatibility.

The common ground that exists between JCB and Land Rover is remarkable.

Both companies sell rough terrain products to agriculture and construction. Both sell to the military, to local authorities and to governments.

Both are engineering based manufacturers and both are major exporters of capital goods.

And, if that isn't enough, both are based in the Midlands and are proudly British.

But, there is one very big difference indeed.

JCB is strong where Land Rover is weak.

JCB made a profit of £25 million in 1985.

JCB has never made a loss in 40 years' trading.

JCB doesn't have any net borrowings.

JCB takes over 50% of its UK market (and has done so for 22 years).

JCB is strong in Europe and the USA.

JCB's world share is growing fast.

JCB. The obvious choice.

Over the last 10 years, JCB's average return on investment has been 27% per annum and, in the last five years alone, it has virtually doubled its sales value. This has been achieved by combining superb product design and manufacturing excellence with aggressive and skilful marketing.

JCB is not looking to make a quick killing from a flotation on The Stock Exchange. JCB intends to keep Land Rover, and ensure that it has a successful, long-term future.

And, most important of all, JCB has a proven, and relevant formula for success to bring to Land Rover.

Distributed by Lazard Brothers & Co., Limited on behalf of J C Bamford Excavators Ltd.

THE ARTS

Television/Christopher Dunkley

Switch on to a universal masterpiece

Tonight *Heimat* on BBC2 reaches Part 5. If you are not already watching, start now. If you have missed the first four episodes beg, borrow or steal cassettes from your friends. Cancel evening engagements for the next seven days so that you can watch the rest of the 11 episodes.

Altogether this engrossing—indeed entrancing—West German series about life in the imaginary Hunsrück village of Schabbach from 1919 to 1982, will demand nearly half a working week of your life: 16 hours and eight minutes, even though the publicity material claims mystifyingly that it lasts 15 hours 40 minutes and 10 seconds. But in return for all that time you will benefit from an experiance the like of which comes along only once in a decade or so.

Looking back across 16 years of professional viewing it is disappointing to realise how few among the hundreds of thousands of programmes could even be considered for the description of "television masterpieces." In America PBS shows British television dramas under the umbrella title "Masterpiece Theatre" but however good *Elizabeth R* and *Pride And Prejudice* may have been I would hesitate to call them masterpieces. I would flatly refuse the title to such undistinguished material as *Poldark* and *Duchess of Duke Street* which were shown under the same umbrella.

Furthermore, although adaptation is a respectable enough practice, and one which has long been championed in this column (the need very often being for less slavish devotion to good theatre or good novels and greater determination to adapt freely and produce good television) I would have reservations about calling *Jewel In The Crown* or *Brideshead Revisited* "television masterpieces" when their origins are fixed so firmly in literature.

Among material created specifically for television the earliest I can recall which could be considered a masterpiece is *Talking To A Stranger*, the BBC's 1966 drama quartet written by John Hopkins and directed by Christopher Morahan. The word might also be justifiably attributed to Kenneth Clark's *Civilisation* (1969), Jeremy Isaacs' *World At War* (1975), and David Attenborough's *Life On Earth* (1979).

What all these have in common is their exploitation of television's extraordinary assets: its permanent presence in the home and the consequent ability to pull the audience back time after time to go on and on watching something. *Heimat* benefits from this factor more, I think, than any work I have ever seen, even though it was shot on 35mm stock and has already been shown in the cinema. Despite that, it is surely, the archetypal television.

For me the cumulative effect of the 11 parts was staggering, and I have no doubt that Edgar Reitz, who wrote the series with Edgar Steinbach and directed all of it, has given us a true television masterpiece. I am only sad that I have no more to watch: having viewed the entire series in two 8-hour sittings (a marvellous way to see it; perhaps a repeat could be organised in two mammoth sections) I feel much the same sense of loss as I did on reading the last page of War And Peace. And incidentally there is nothing absurd about mentioning the two works in the same sentence.

Of course *Heimat* is not perfect. The central event is World War II, and in Germany the series has been seen as the first major attempt to deal dispassionately with the question handled all too passionately in other television series such as *Holocaust*: how to come to terms with the Nazi phenomenon. Reitz is no doubt utterly honest in implying that—at least in the Hunsrück—Nazism crept in virtually unobserved on the coat tails of national resentment about the Treaty of Versailles and local desire for economic progress. Yet, as with *Das Boot*, it is hard not to raise an eyebrow at the notion of only one thoroughgoing Nazi sympathiser (Wilfred Wiegand), the mayor's son in *Heimat*) amongst such a large cast.

Other criticisms can be made. The last episode is not only indulgently long but virtually unnecessary. Episode 9 is something of an anomaly since it concentrates almost exclusively on one story: that of the teenage Hermann and his profoundly moving love affair with the much older Klärchen.

The passions and agonies of teenage life — sex and trigonometry, poetry and compulsory sport—are most delicately and dextrously handled, and one wonders whether there is something more than a purely academic interest in Reitz's depiction of the family's desperately insensitive handling of the young man's feelings. Yet hugely impressive though this episode is, the uncharacteristic concentration on one person pushes the other themes into the background.

It is not exactly a criticism, perhaps, but the switching between monochrome and colour seems to me capricious and only occasionally effective: the red hot iron in the forge in Episode 1 and the bouquet of carnations tossed from the fighter plane onto the snow are "coups de couleur," the rest seemingly mostly arbitrary.

In the central rôle of Maria Simon, the 28-year-old actress Marita Breuer (looking startlingly like the young Muriel Pavlow, though even prettier) gives one of the most astoundingly well sustained performances I have ever seen, ageing 60-odd years with absolute authenticity. Yet she is let down towards the finish by make-up which looks more suited to grand opera than television. The same goes for Kurt Wagner as theelderly Glasisch, village idiot and first person singular, who provides the exemplary summaries at the start of each episode, the words complemented by sequences of snapshots. His frog-blossom nose looks highly artificial.

But this is to be hypercritical of a series which deserves celebration. In one sense the entire work is a tragedy: having married her Paul, Maria spends the rest of her life steadily losing those closest to her. At the end of tonight's episode she realises, hopelessly, as she tells her son, that she has "Done everything wrong." Though we may sympathise we realise, having—and this is the strength of the series—been with her every step of the way, that this is probably true. It is a bleak moment.

Yet, as with reality, life in *Heimat* goes on, and though Maria may not be entirely happy there are other matters to occupy us, some great and some small. It is presumably Reitz's deliberate exploitation of the details and texture of everyday life—the motorcycle flung into the midden, the bilberry gathering — which has led some people to label *Heimat* "soap opera." That makes sense provided you accept that Shakespeare's comedies or Dickens' novels are also "soap opera."

Reitz's greatest achievement is to use the mundane to bring out the humanity of his characters without falling into the soap-opera trap of putting the mundane on a pedestal. Again and again just as you are thinking that soap values might be taking over, some larger matter will be signalled: as Maria runs to fetch the doctor for a diphtheria case we see her from the vantage point of a telephone engineer who is connecting one of the village houses. A new and important form of communication has come into the life of Schabbach, and one of Reitz's major sub-themes, the development of technology, has been strengthened. (The subtheme to that sub-theme — the development of amateur photography via Leica, Rollei and Agfa cameras—might one day provide the subject for a PhD in "meejer" studies).


Marita Breuer as Maria in Episode 10 of Heimat

The strength of the series extends to virtually all departments. The acting throughout a huge cast proves that Britain is not alone in having tremendous breadth and depth across both sexes in this profession, nor being able to mix professional actors successfully with amateurs. Willi Burger, for instance, who plays Mathias Simon the paterfamilias, and whose handling of red hot iron looks so entirely confident is, indeed, a genuine blacksmith.

Practically all the time, throughout the 16 hours, the picture is worth looking at. There is no striving for fancy optical effects, but Gernot Roll's outdoor photography is frequently beautiful (the image of the countryside itself is clearly very important to Reitz's story) and indoors the composition is never less than thoughtful and is often packed with layers of information.

One of the marks of great story-telling is that it appeals universally across national boundaries. Clearly this applies to *Heimat* but, given what foreigners can gain from it, just imagine its richness for a German audience. It is, after all, not just a story and a fascinating one but a minutely detailed social history.

Who will make Britain's *Heimat*?

Authentic Mozart/St. John's, Smith Square

Dominic Gill

The American pianist Malcolm Bilson's continuing exploration of Mozart's concertos on a modern reconstruction of an 18th-century instrument, with the English Baroque Soloists under John Eliot Gardiner, on Monday night reached K466 in D minor and K467 in C.

One of Bilson's most significant authentic innovations is stylistic: he is one of the few performers to interpret the word "solo"—written frequently in the score when the pianist joins the orchestral texture — to mean "solo strings" and the effect of reducing the string band to a solo quartet accompaniment at crucial moments is so clear and so beautiful, and feels and sounds so right, that the procedure (for many years advocated by Mr Bilson's compatriot Charles Rosen) must surely be correct.

The evening, which was also part of a jamboree by the concert's sponsors, British Gas, otherwise offered all the usual gentle illuminations and delights — and provoked the usual gentle wish that other, even better pianists than Mr Bilson would also offer us the opportunity to hear Mozart as Mozart conceived it. Some of the most wonderful things in K466, indeed, can only be heard when the performance is correctly sized and weighted: the dark, windy colourings of the Romance's middle section; the extraordinary conversations between soloist and wind—as also in the andante of K467—in the finale. I was puzzled by Bilson's choice of cadenzas — Mozart left none, but for K466 at least we have Beethoven's great cadenzas: why offer an odd, jerky, in parts almost spoof-baroque confection of one's own?

The evening's symphony was the Haffner, divided (as it had been at its premiere on March 29 1783) with the first three movements at the beginning of the concert and the finale at the end. I still think the Haffner's finale makes its best effect played immediately after the minuet: but as an experiment, why not? A good, lively performance carefully crafted—we shan't worry until Bilson and Gardiner start wearing period costume for concerts, and talking German in rehearsals.

Hérodiade/Rome Opera

Arthur Jacobs

No unveiling, no dancing is required of Salome in Massenet's *Hérodiade* — which, when the performer is Montserrat Caballé, is just as well. The Opera reveals its date (1881) in its assembly of conventional operatic ingredients — passionate avowals, cumulative choruses, prayers and fanfares, even a love-duet for Salome and John the Baptist. Not Salome but Herodias demands John's execution, after which Salome learns at last that she is Herodias's daughter and kills herself.

Such a plot might be quite fiercely played for dramatic effect. But with Caballé and her Roman audience, opera as drama was replaced by opera as a ritual of admiration. As she graciously walked through her part, singing thinly and and cautiously at first, but later with some spirit, and colour, the applause and the cheering came loud, long and frequently, with the conductor conspicuously clapping his singers from the rostrum.

Admiration was not misplaced for the two fellow-Spaniards brought by Caballé to portray the tenor Baptist and the baritone Herod. José Carreras fulfilled every expectation: he unfolded the prophetic role with a wealth of feeling and complete command of voice. Juan Pons, likewise, seized on the strength and weakness of Herod—whose lust to possess Salome constitutes almost the sole eroticism of the score. (Saxophones here lend distinct colour to the orchestra.) His delivery of the famous aria, "Vision fugitive," would be even better if he learned the correct French pronunciation of the first, and much repeated, word.


José Carreras and Montserrat Caballé

Though giving her name to the opera (and to Flaubert's tale, which is its literary source), Herodias is of lesser musical importance. Anna Pagliarino, a substitute singer, combined a decent mezzo-soprano with an appearance which might have been that of Caballé's daughter, rather than the other way round. Ferruccio Furlanetto brought an authoritative bass to the role of the court counsellor, Phanuel. Gianluigi Gelmetti was an acceptable conductor who, despite some cuts in the score, rightly retained some of the ballet music.

Costumes by Maurizio Monteverde were imposing and splendid, but the stage direction by Antonio Calenda was lamentable, with dummy-like choristers and with too much of the action taking place outside the sight-lines of hundreds of the audience. I suspect that this (obviously dramatic performance) has its true justification as a stepping-stone to a Caballé/Carreras recording of which we shall learn in due course.

Culture arrives on Skid Row

"There's not a day," Bill Bushnell says, "when my phone does not ring off the hook, one actor after another with the same story—there's no theatre in New York any more, can I come out?" Where they want to come out to is the new Los Angeles Theater Center, and Bill Bushnell is its artistic producing director.

The LATC is a complex of four theatres in a former bank building in Spring Street, in downtown Los Angeles. This is a pretty run-down neighbourhood, and the establishment of the theatre is hoped to improve its ambience. This is not only Bill Bushnell's hope; it is also that of the Los Angeles Community Redevelopment Agency, and they have found $16m for the purpose. The building, with its comely pillared front, and an adjacent parking lot (parking free in theatre hours) cost $1.9m. The rest of the money came from an array of public and private sources, including $4.8m in tax-exempt investment certificates, an item that is no longer permissible but was achieved just in time. The CRA sold the buildings to the Los Angeles Actors Theater for $1 and offered a 55-year lease on the land for $1 a year. They also lent Mr Bushnell $1.3m to see him through his initial problems.

Spring Street has the financial district of Los Angeles on one side, and Skid Row on the other. Currently it belongs more to the Skid Row direction; pedestrians are as reluctant to walk down it after dark as New Yorkers to ride in the subway. But the old bank building is handsome and spacious. You enter by a modest side door, and find yourself in a vast foyer with marble walls and a stained-glass skylight. A curved staircase leads to a balcony extending the length of the room. At the far end of the balcony, a door leads into the offices.

The four theatres all have their seats on a very steep rake. Bill Bushnell says that this is to ensure that even the back seats are near the stage, but it must also be to economise on space. The theatres were originally called Theatre 1, 2, 3 and 4, but Theatre 1 has been named the Tom Bradley Theatre after Los Angeles popular black mayor. The Tom Bradley has 503 seats and a thrust stage; Theatre 2 has 296 seats and a proscenium stage; Theatre 3, 323 seats and an open stage; Theatre 4 is the Cottesloe of the bunch a small house where the seats can be moved around to suit the production. At present it has 99 seats, but Mr Bradley reckons it can do with fewer.

There should have been a restaurant, too, but the restaurateur pulled out of the scheme. Between Theatre 3 and what the Americans shyly call the Rest Rooms there is a illuminated sign saying DINER, but there is no diner.

Mr Bushnell claims not to care much what audiences like. "I don't think the audience has a clue about what it wants," he says. His opening season was as miscellaneous as could be. At the time of my visit, there was a very popular sitcom-thriller with a Latino setting, played by a Latino company, El Teatro Campesino; there was one of Adele Edling Shank's "California plays" (two of which have been done at Louisville festivals); there was a Restoration play in verse; at the little Theatre 4 there was Peter Sheridan's *Diary of a Hunger Strike*, which we saw at the Edinburgh Festival. There were also visits from music and dance companies. The cost of tickets ranges from $12 for previews and Saturday and Sunday matinees to $20 for best seats, Friday and Saturday, $17 other days.

Attendance was said to be running at 5,000 a week. There is a general feeling of excitement. If you can imagine a cross between the National Theatre and the Royal Court, this would be it.

B.A. Young

Ballet/Verona

Freda Pitt

Scraping the bottom of the barrel is not an exercise confined to the field of opera. A forgotten ballet poses more complex problems in that only rarely are clear indications of the original choreography available. Furthermore, with few exceptions, the music written to accompany the spectacular shows popular in the 19th century was provided by hacks and contained little or nothing of intrinsic interest.

Nevertheless, the exhumation of *Le Due Gemelle* (the twin daughters) has its raison d'être in the score. Amilcare Ponchielli is known—so far as he can be said to be known outside Italy—for a single work, his opera La Gioconda, which contains the familiar Dance of the Hours. *Le Due Gemelle* was first performed at La Scala, Milan, in 1873.

This production was unveiled in Verona during the spring season held at the Teatro Filarmonico, run by the Arena management.

Ballet in Verona has long been a fief of ballerina Carla Fracci and Beppe Menegatti, who produces operas, there as well as masterminding his wife's career.

At this late stage of her career (she is due to perform *Giselle* with Festival Ballet this summer, almost 30 years after her London début in that ballet), Fracci can hardly be expected to supply fireworks of the sort clearly indicated at various points by the music. However, charm, good looks, expressiveness and exceptional theatrical know-how enable her still to sustain a role remarkably well.

The plot is as nonsensical as that of the silliest 19th century opera. One of the twin girls who were separated as children, Ercinia—the virtuous one—is to be married to the Emperor's son (Cristian Craciun). She wears white, while her unsuspected sister, Florina, who was carried off by pirates and has acquired bad habits in Constantinople, usually wears red.

Fracci seems to enjoy this role more and is at her best sitting in a chair eloquently wriggling her shoulders as she tipples with the clown Citaredo (James Urbain, another stalwart of the Fracci-Menegatti stable).

Gheorghe Iancu, Fracci's habitual partner in recent years, is customarily cast as a hero, but after all, the role in which he originally aroused our admiration in Rome when he appeared with Liliana Cosi's small company, was that of Tybalt, and he takes Adalbert's villainous ways in his stride. His are the dancing honours, as usual.

The supporting company was the resident one, now under the direction of Mario Pistoni.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Theatre

April 18-24

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and bilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): In moving to Broadway, Herb Gardner's touching, funny and invigorating play about two oldsters retains its stars, Judd Hirsch and Cleavon Little, who almost conquer the world when they think they are just bickering with each other. (230 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

Philadelphia Story (Arena): Elinor Renfield, who last directed Peter Nichols's Passion Play here, takes on the Philip Barry American classic about a headstrong debutante whose society wedding draws the press to gawk. (488 3300).

CHICAGO

Happy Days (Goodman): The Goodman company celebrates Samuel Beckett's 80th birthday with the playwright's bleak view of the world, interpreted by the Romanian-born director, Andrei Belgrader. Ends May 11. (443 3800)

NETHERLANDS

Amstelveen, Cultureel Centrum. English Speaking Theatre of Amsterdam with Orton's Entertaining Mr Sloane directed by Grant Coburn (Wed). (45 64 44).

LONDON

Lend Me A Tenor (Globe): Fresh and inventive operatic farce by new American author Ken Ludwig set in Cleveland, Ohio in 1934. Dennis Lawson and Jan Francis lead an energetic company in mistaken identity romp, while Verdi's Otello carries on regardless. (437 1592)

Rowan Atkinson (Shaftesbury): New revue starring rubber-limbed clown with a strong line in scatological satire and rude sketches, many of them reflecting British classroom tyrannies. (379 5399)

Blithe Spirit (Vaudeville): Excellent revival of Noël Coward's smart comedy about a novelist harassed by his second wife and haunted by his first. Pinter's Old Times owes a lot to this play, well directed by Peter Farago, acted without undue Cowardian reverence by Simon Cadell, Joanna Lumley and the alabaster beautiful Jane Asher. (836 9987)

When We Are Married (Whitehall): Matchless comic playing from an all star cast in Priestley's comic warhouse about silver wedding anniversaries undermined by an inconvenient revelation. Bill Fraser is a drunken Falstaffian photographer and the couples are led by Timothy West and Prunella Scales. The 1930 theatre has been beautifully renovated. (930 7765).

The Scarlet Pimpernel (Her Majesty's): Donald Sinden in resplendent plummy-voiced form as Baroness Orczy's one-man resistance movement to the French Revolution. Opera director Nicholas Hytner's efficient and sparkish production has smoke, tumbrils, rat stew and rolling heads. (930 4025).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

Saleroom/Antony Thorncroft

Searching out marbles

Marble busts seem to be sought after at the moment, and Sotheby's attracted a successful bid of £71,500 yesterday for a white marble figure of Meleager produced in 1735 by the Venetian sculptor Antonio Gai who was described by a contemporary as a "demi Michel-Ange.". Works by Gai are rare outside Venice: this one was commisioned by the British consul in the city, Joseph Smith.

A white marble portrait bust by Michael Rysbrack of Daniel Finch, Earl of Winchilsea and Nottingham, sold for £52,800. It was one of Rysbrack's earliest important works in England, made around 1744. There was one disappointment, a large Italian plaster portrait bust of Napoleon, attributed to the famous Canova, bought in at £6,500.

There was a record auction price for a Renaissance medal when a bronze medal dated 1551, of the chancellor to Cosimo I, sold for £22,100—it was estimated at only £1,000-£1,500 but its rarity boosted its value.

Back among the marbles a bust of a youth crowned with a myrtle by Jean Antoine Houdon went for £55,000. A North German bronze aquamanile (a drinking vessel) of the 13th century, realised £24,200: it sold at Sotheby's in 1974 for £1,450, while an Augsburg silver and tortoiseshell house altar of the early 18th century, attributed to Christian Drentwett, fetched £25,300.

Hugh Goodacre was one of the few serious collectors of Byzantine coins in the inter-war period. In those days few good specimens appeared on the market but when they did Goodcare was a likely buyer. Christie's sold his collection yesterday for £153,257. Everything went, and prices ranged from less than £100 to a top price of £8,100 for a solidus of Michael II (820-821). Its top estimate was £3,000.

The coin was bought by the London dealer Vecchi who also paid £4,320 for another solidus, this time from the reign of Constantine VII (945 AD).

English furniture has appreciated greatly in price in the last year or so and Phillips' auction of average-to-good pieces yesterday reflected the better demand, totalling £275,640 with 12 per cent unsold. A. and F. Gordon, the London dealers, paid £22,000 for a set of twelve Regency mahogany dining chairs (top estimate £8,000).

A George I carved walnut bureau-on-stand sold for £17,500, and a Queen Anne walnut and crossbanded double dome Bureau Cabinet for £16,000, both prices way above estimate.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Wednesday April 23 1986

Policy in a high-tech era

THE WORLD'S experiment with monetarism, which reached its climax when Mr Paul Volcker's policies for the US were in full force in 1980-82, has not been an unqualified success. It has won its main objective; the inflation of the 1970s is defeated in most countries, and at any rate for the time being. However, the advertised accompanying benefits, of stable markets, enhanced efficiency, and improved resource allocation, are hard to detect.

One very strong reason, as is now confirmed by a deep international study, is that policy rules framed in the days of financial specialisation, fixed-interest contracts, limited capital movements and fixed but adjustable exchange rates, have not worked well in a period of generalised floating, almost unlimited capital mobility and unceasing innovation.

In one sense this week's report of the expert committee drawn from the central banks of the Group of Ten, known to its friends as the Cross Report, contains no surprises. The innovations it discusses are the everyday talk of financial folk and of the newspapers which serve them. In another sense, though, its conclusions, based on close study and careful reasoning, are surprisingly radical, and seem to have come as something of a revelation to some participants.

Accident prone

Everyone knows by now that innovation poses something of a nightmare for prudential supervision. What seems to have been news to some of the experts is that it has also rendered most monetary aggregates meaningless. Pragmatic targeting of exchange rates and interest rates, so despised by academic purists, emerges as the only sensible policy response to the world of computerised, international finance. Muddling through emerges as the sophisticated approach.

The problems for supervision and for monetary policy arise from the same causes. The report identifies three radical changes which are now largely complete. Computerised transactions, with their very low cost, have helped to make capital much more mobile and to foster a host of innovations which enable risks to be unbundled and passed into willing hands. At the same time, most lending which used to be done at fixed rates of interest is now done at floating rates; and the banks are increasingly acting as underwriters to these flows rather than carrying them on their books.

The problem for supervision and targeting is that these transactions are hard to assess from a prudential point of view, and often hard to trace at all. As a result, all but the narrowest aggregates have an increasingly tenuous relationship with activity, inflation or credit demand, which policy aims to influence. In any case, policy actions are increasingly accident prone; where the traditional system was constrained by liquidity, which the authorities could control, the boundaries are now set by solvency risks.

Trading realities

The results of widespread insolvency, which exist in those systems where interest rates are the main channel through which policy impacts on the economy, are so horrifying that policy has to be relaxed. This is the history of the US in recent years. In more open economies the main impact seems to come through exchange rate swings. This means that over-tight policies seem to be targeted against exporting industries, and again the results are unacceptable. This, roughly, has been the UK experience.

Even in the US, where the importance of exchange rate effects was not appreciated until very late in the day, it now seems to be understood that a policy aimed to stabilise an acceptable exchange rate bearing some relation to trading realities is the best of the second-best options available, and the international crisis of monetary targeting may now be past. The supervisory and prudential issues, however, are still on the future agenda, and the Cross Report is the best available handbook of the issues to be faced. Unfortunately, as its authors concede, it is soon likely to be out of date.

Mr Kinnock's new party

THE BRITISH Labour Party is again beginning to look like a credible party of government—at least in the sense that it wants office and may achieve it.

The party did well in the Fulham by-election earlier this month, recapturing a seat that it should never have lost, had Labour been in a healthier state, in the general election of 1979. Mr Neil Kinnock, the party leader, has made a not undistinguished contribution to the debate on the British Government's acquiescence in the American attack on Libya. He has struck a popular note in trying to drive the Militant Tendency out of the party, even if he has not fully succeeded in doing so. Above all, he has challenged the idea that Labour is in terminal decline. By now the Liberal-SDP Alliance—the other opposition—must be seriously worried about this reversal of fortunes. It can no longer be assumed that the crown will pass to them when the Tories fade.

Yesterday Mr Kinnock launched his new party, or rather the Labour Party he would like to lead if he has his way. As he would be among the first to admit, there is not too much new about it. He said at a press conference that the basic message of democratic socialism was a strong one that remained applicable to all times: it was about greater fairness in society, about providing a safety net for those too old, too sick or just too unlucky to be able to fend for themselves.

Distinctly American

The novelty about Mr Kinnock is that he says it in modern terms and as if he intends to pull it off. The party political broadcast that introduced the freedom and fairness campaign last night can be criticised on a number of counts. It looked almost too Saatchi and Saatchi (the advertising company that made Mrs Thatcher's campaign in 1979) for words. It said virtually nothing about policy that has not already been said by Dr David Owen and the Social Democrats, and it would have been hard even for some Tories to take offence.

There is also something distinctly American about Mr Kinnock's approach: it seems as though he is bent on running for president in 1987 or 1988 and has given no thought to what will happen to him or the Labour Party if he loses.

Yet the approach is certainly refreshing, rather like the younger Mrs Thatcher or the Social Democrats when they first came into being. It is all very well to say that it is too slickly commercial; that is what much of the presentation of politics is about, both here and abroad. It just took the Labour Party some time to catch up.

Mr Kinnock has another factor on his side. There will be a large group of young voters in the next general election who will have known no other British Prime Minister than Mrs Thatcher. The appeals for better housing, better health and more preventative medicine, better schools, however much they have been heard before, can come through to the young as new.

Almost the most striking call in Labour's new litany is the demand for law and order—"more bobbies on the beat," as Mr Kinnock said yesterday. A younger generation may not find that quite so ironic as the old.

Incomes policy

These are still early days. The next general election could be two years away and in the intervening period anything could happen. The next big test for Mr Kinnock's new party therefore is not so much how it fares with the electorate as how it fares in the old Labour Party it is trying partially to escape from.

The next Labour Party conference in the autumn, where policy will have to be discussed and block votes taken on all sorts of measures such as renationalisation, an end to American bases or no more nuclear power, will be crucial. There is also the question of incomes policy and whether Labour could govern without the concert of the unions.

For the time being, however, Mr Kinnock is running well. He is beginning to persuade the Labour Party that there is life in the 1990s. The Alliance and the Tories will have to take more. After all, he has learned from them.

The Italians are coming

The new empire builders (left to right): Giovanni Agnelli, chairman of Fiat; Silvio Berlusconi, TV entrepreneur; Carlo de Benedetti, chairman of Olivetti; and Raul Gardini, chairman of Ferruzzi

YESTERDAY'S announcement that Olivetti is to acquire Volkswagen's Triumph Adler subsidiary in West Germany is more than just another coup for the Italian office automation group, one of Europe's fastest-growing companies.

The deal, which also calls for Volkswagen to take a 5 per cent stake in Olivetti, is the most spectacular of a series of acquisitions which have been made by Italian companies outside of Italy over the past 12 months.

The very idea of Italian companies attempting large-scale acquisitions in France, West Germany and Britain would have been unthinkable as recently as two or three years ago. The fact that Italians are now doing just that bears witness to the rapidly growing stature of Italian industry and finance and equally to the speed with which the Italian economy is modernising and opening up. As one senior American business executive put it recently: "This country is actually starting to behave like the world's seventh biggest industrial economy. Italy is beginning to look like a really serious place."

The Olivetti takeover of Triumph-Adler, certainly the most important deal for the Ivrea-based group since its 1984 alliance with American Telephone and Telegraph (AT & T), comes at a time when Italy's private sector is experiencing rapid growth. This is echoed in the performance of the Milan bourse (the BCI share index has jumped by 70 per cent since the start of this year and by 170 per cent since January 1985) end in the rise of corporate profits. This averaged 35 per cent last year, a rate of increase expected to be repeated this year.

This growth is the fruit of more than six years of industrial restructuring, helped along by a much more flexible attitude on the part of trade unions to the introduction of new technology such as factory automation—even when this has involved redundancies. There has also been a dramatic shift by Italian savers toward the equity market and a flood of foreign money—more than $2bn since 1984—from overseas investors.

The inflation rate, meanwhile, has nearly halved over the past two years to its present 7.2 per cent and is likely to be 5 per cent per annum at the end of this year. Added to this the industrial benefits of cheaper energy costs (Italy imports 70 per cent of its oil and gas) and the less tangible factor of Italian entrepreneurial flair and the result is a country able to contemplate expansion via acquisitions abroad.

This is the context which has seen Fiat, the leading private sector group, able to participate in the Westland share acquisition along with Sikorsky of the US, as well as negotiating a joint venture between its car components division and Matra of France (as yet not approved) which would give Fiat control of the venture.

In the foods sector, the Ferruzzi group of Ravenna, with its $6.5bn of annual turnover, has come from obscurity to take majority control of France's Beghin-Say sugar group, making Ferruzzi Europe's largest sugar conglomerate.

In the television business, Mr Silvio Berlusconi, the Milan-based inventor of Italian private stations, has invaded France with that country's first-ever commercial network and is hoping to do the same in Spain shortly.

Pirelli, on a smaller and more selective scale, has been making acquisitions of electronics and businesses engaged in fibre optic communications in the US and Britain, as well as having recently bought from Bayer of West Germany its Metzeler tyre and rubber products subsidiary.

But the most visible of Italy's industrial and financial protagonists has undoubtedly been Mr Carlo de Benedetti, who has been pursuing a twin strategy of building up Olivetti, where he is chairman, and of creating his own personal industrial empire which now includes food, car components, publishing and investment banking.

Mr de Benedetti yesterday said that Olivetti's takeover of Triumph-Adler is important for three strategic reasons. "First, we started a policy several years ago of internationalising Olivetti and this cannot be achieved only by expanding sales abroad but by also creating an integrated network," he said. "West Germany is the most important market in Europe and through our alliance with Volkswagen we hope to be more German in Germany." He pointed out that Olivetti has operated in West Germany for 30 years. With the addition of Triumph-Adler, Olivetti revenues from West Germany jump from $167m to more than $600m. (This figure excludes revenues outside Germany.)

Mr de Benedetti's second reason is that he would like Olivetti to become "a centre of aggregation in the European office automation market." In other words, he wants to take advantage of Europe-wide economies of scale in research, manufacturing and distribution.

Finally, the Olivetti chairman says he sees the Triumph-Adler deal as "good from a financial standpoint" and would like to develop T-A the way he did with Olivetti. Since he joined Olivetti in 1978, the company's sales have quadrupled to L6,140bn ($4.1bn). The value of Olivetti's market capitalisation, meanwhile, has almost quintupled over the past two years: in 1984 AT & T paid $260m for a 25 per cent Olivetti share stake — Volkswagen is now paying $267m for 5 per cent of Olivetti.

Mr de Benedetti, like other Italian entrepreneurs, is taking advantage of both the enormous liquidity on the Milan stockmarket and of the gains to be realised by raising cheap funds in Italy to acquire companies abroad. It is a trend which has by no means run its course.

Alan Friedman

A PUBLIC RELATIONS BLITZ TO EASE FRENCH FEARS

"THERE are personal reasons why we want to develop our presence in France. We are Savoyards. The French understand us well. Sometimes, our own people in Italy look upon us as foreigners," remarked Mr Carlo de Benedetti in fluent French. The Italian entrepreneur from Piedmont was in Paris last week explaining why he was launching a flurry of takeover and acquisition deals in France and why he was introducing one of his subsidiaries on the French unlisted securities market.

A few days earlier, in equally good French, another well-known industrialist from Piedmont and the Turin area was justifying his group's current investment plans in France.

Mr Umberto Agnelli, the deputy chairman of Fiat, the car group which is also Italy's biggest private enterprise, suggested that all the fuss over the sudden wave of Italian investments in France had been somewhat overdone.

"Even if Italian investments in France have the honour of making front page news stories, they are relatively limited compared with French investments in Italy," he said. "When you look at the economic weight of subsidiaries of French companies in Italy you will see that is is exactly double that of Italian subsidiaries in France."

Both Mr Agnelli and Mr de Benedetti have felt the need to mount a major public relations blitz in France to try to ease the growing fears of what some members of the French administration call "the Italian invasion."

But it is not just Mr de Benedetti and the Agnellis who have been holding the headlines. Their plans are also part of a wider series of new Italian investments in France in a number of different key sectors of the French economy. These include:

● The car components industry, a sector in which both Fiat and Mr de Benedetti have designs. Fiat has already reached a preliminary agreement with Matra to merge the French defence and electronic group's car components operations. As for Mr de Benedetti, he has already acquired nearly 20 per cent of Valeo, the country's largest car components company and is bidding for an additional 16 per cent stake. If both deals succeed, Fiat and Mr de Benedetti will between them control a predominant chunk of the French car components sector.

● The important food industry is also in the throes of increasing takeover activity, with Mr de Benedetti again centre stage. The chairman of Olivetti, who now also controls Buitoni, one of Italy's leading food groups, has just introduced on the Paris unlisted securities market Buitoni's large French subsidiary.

Ferruzzi, the Italian agribusiness conglomerate, headed by Mr Raul Gardini, is also in on the act. Although the company has claimed it does not intend to take full control of Beghin-Say, the move is widely regarded in France as a first step towards majority control by the Italians.

There has, meanwhile, been speculation that Italian investors have been acquiring shares in BSN, France's largest food group which earlier unsuccessfully competed against Mr de Benedetti for Buitoni.

● The broadcasting industry, where President Mitterrand's decision to grant the concession to operate France's first private commercial nationwide television network — the so-called Fifth Channel — to a Franco-Italian partnership, including Mr Jerome Seydoux, chairman of the French Chargeurs transport group and Mr Silvio Berlusconi, the Italian television entrepreneur, has touched off a major controversy.

With their recent manoeuvres, the Italians appear to have beaten everybody to the draw in France and have been among the first to take advantage of the new opportunities for investment offered by deregulation and the free-market economic approach of the new government. Indeed, Italian investors struck even before the right's election victory last month.

Although takeover fever has increasingly gripped the Paris Bourse—fuelled by the Government's forthcoming privatisation programme — the new administration has been especially worried by Fiat's and Mr de Benedetti's designs on the French car components industry.

The new government has yet to give its approval for the Fiat-Matra agreement. Mr Agnelli suggested last week that unless Fiat received government approval soon it would have to reconsider the deal which he claimed would create a strong new European components group.

The Valeo takeover has also turned into a more difficult than expected business for Mr de Benedetti. The management of the large car components company have been trying to organise a defence against Mr de Benedetti and actively seeking "white knights" to rescue them.

After his success at restructuring Olivetti and his acquisition of Buitoni, Mr de Benedetti now says he wants to repeat his Italian industrial empire building achievements in France.

To this end, Mr de Benedetti is placing his Valeo shares in a holding company called Ceres, which will be quoted on the Bourse and be 40 per cent owned by the Italian entrepreneur's CIR holding company. This groups his Italian assets and constitutes the second largest private industrial-financial empire in Italy after Fiat. But in part to reassure the French of his commitment and good intentions, Mr de Benedetti has included some of France's leading financial institutions in his plans, among them the Compagnie Financiere de Suez, Banque Nationale de Paris, the UAP insurance group and the Worms group (who are all partners in Ceres). He has also chosen Mr Alain Minc, one of the leading lights on the Paris financial scene, to manage his French operations.

If the current Italian manoeuvres in France have been the first to hit the headlines, it is because they have been the most visible and the largest so far in the current French business climate attracting increasing foreign investment interest. But it also reflects the traditional transalpine rivalry between France and Italy as well as the old French superiority hang-up over Italians.

Mr de Benedetti echoed these feelings at his gathering in a pavilion off the Champs Elysees last week when he suggested the French had sometimes a tendency of regarding Italians as a "sous espèce" or lower race.

The question now is whether old Gaullist prejudices and fears of "protecting" the national interest will surface again, prevailing over the new French mood of "liberalism" and obstructing the current wave of Italian investments.

Fiat must still be haunted by the way General de Gaulle more than 15 years ago blocked its efforts to take over Citroen. He is said to have called in Mr Michelin, who then controlled Citroen, and icily greeted him in Italian with the words "Come sta." The deal was clearly off.

Paul Betts

ITALIAN ACQUISITIONS ABROAD

Buyer	Target company	Sector
	1985	
Olivetti	Acorn (UK)	Computers
Pirelli	Litel stake (US)	Electronics
Segafredo	Vaudour-Dano (France)	Coffee
Pirelli	Focom (UK)	Electronics
Pirelli	David Systems stake (US)	Electronics
Pirelli	Pirelli-Ericsson (Australia)	Cables
Montedison	Compo (US)	Chemicals
Pirelli	Metzeler (W Germany)	Tyre/rubber prods.
	1986	
Fiat (with Sikorsky)	Westland stake (UK)	Helicopters
Berlusconi	La Cinq (France)	TV broadcasting
Ferruzzi	Beghin-Say (France)	Sugar
Ferruzzi	Hillsdown stake (UK)	Food
CIR (de Benedetti)	Valeo stake (France)	Car components
Olivetti	Triumph-Adler (W Germany)	Office equipment

Men and Matters

Clore leads new raid

Sir James Goldsmith, Rupert Murdoch, Robert Holmes à Court—the list of foreigners joining the corporate raiders on Wall Street is steadily growing. But one name which keeps cropping up these days is that of Alan Clore, the 42-year-old son of the late Sir Charles Clore, founder of the Sears retailing empire.

Clore, who is based in Geneva, has been active for some time in the US and first attracted the attention of the "smart money" on Wall Street five years ago at the time of Wheelabrator Frye's $600m bid for Pullman.

He bought a 5.9 per cent stake in Pullman for $21.3m and sold it for $35m three months later.

In 1982, Clore mounted a proxy fight for control of Gulf Resources & Chemical Corporation, an asset-rich, Houston-based natural resources group, and until recently this appeared to be his main interest in the US, though its financial performance has been lacklustre.

But Clore stepped down as chairman and sold his substantial stake in the company shortly after he narrowly avoided defeat in another proxy battle with a group of dissident shareholders.

Since then he has emerged as a substantial investor in various companies including Revlon, the beauty products group, and Rorer, a drugs company.

His latest interest is Kaiser Aluminum, America's fifth biggest aluminium producer, which has been piling up losses for several years, and is currently fighting off an unwelcome $1.2bn takeover bid from an investor group led by Joseph Frates, aged 65, a Tulsa businessman.

Kaiser Aluminum is one of a group of West Coast companies founded by the late Henry J. Kaiser, the last of the great self-made American industrialists. The Kaiser empire was split some years ago and Frates and Clore have already made a handsome turn on their investment in Kaiser Steel.

Frates and Clore, who is providing the bulk of the initial financial backing, now plan to reap the same sort of magic on Kaiser Aluminum which with assets of $3bn, and a workforce of 13,450, is a much bigger target than the steel company.

Cornell C. Maier, Kaiser Aluminium's chief executive, describes the latest $28 per share offer from Frates as: "The same garbage he came out with before. It is speculative and conditional."

Fit to burst

John De Lorean, still facing multi-million dollar lawsuits over his ill-fated sports car venture, has gone into the health and fitness business.

In an interview in the US magazine, Automotive News, the 61-year-old former General Motors executive said he was associated with two Arizona-based companies, one of which planned to set up a chain of health clubs, and the other, to distribute health food.

De Lorean said he had not invested any money in the ventures but would receive commissions from any franchise sales for which he was responsible.

"I've believed in health and wellness all my life," De Lorean told the magazine. "I take good care of myself. That is probably why, in spite of all my stress, I've never had any problems."

Pimm's number

For all the usual razzmatazz, some of the sparkle was missing from the launch yesterday of a £1.5m advertising campaign for Pimms drinks.

Senior managers of Distillers home trade team—responsible for the sale of Pimms and other Distillers' brands in the UK—turned up for the event with their minds on another meeting later in the day.

Ernest Saunders, whose Guinness group last week won its takeover bid for the giant DCL, had invited them to a summit meeting at Distillers House.

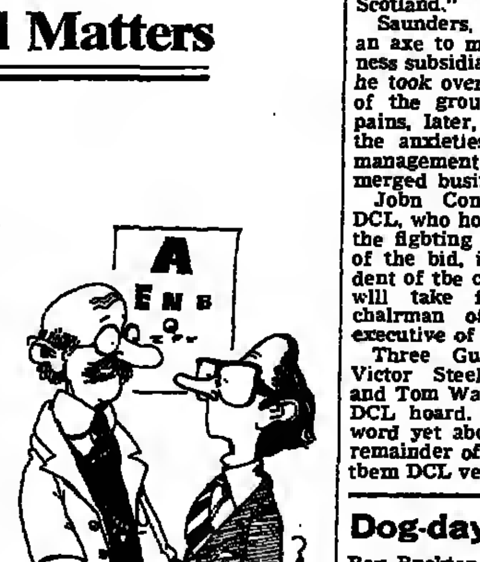
"I would not say we were nervous," confided one manager, nervously, "but there is bound to be a period of uncertainty."

Another, more jovial, fellow, sipped his Pimms and pronounced bluntly: "I'd reckon that a fair percentage of the DCL blokes here are worrying about their jobs and whether or not the headquarters will be in Scotland."

Saunders, the man who took an axe to more than 100 Guinness subsidiary companies when he took over as chief executive of the group in 1981, was at pains, later, to dispel some of the anxieties about the future management structure of the merged business.

John Connell, chairman of DCL, who bowed out of much of the fighting in the later stages of the bid, is to become president of the company. Saunders will take firm command as chairman of DCL and chief executive of the whole group.

Three Guinness directors—Victor Steel, Shaun Dowling and Tom Ward—are to join the DCL board. But there is no word yet about the fate of the remainder of the board, most of them DCL veterans.



"Not me doctor—Mr Fowler has sent me to examine you."

Dog-days

Ray Buckton, general secretary of the train drivers' union, Aslef, and his wife Barbara, are among the senior union figures attending this week's annual conference of the Scottish Trades Union Congress in Aberdeen.

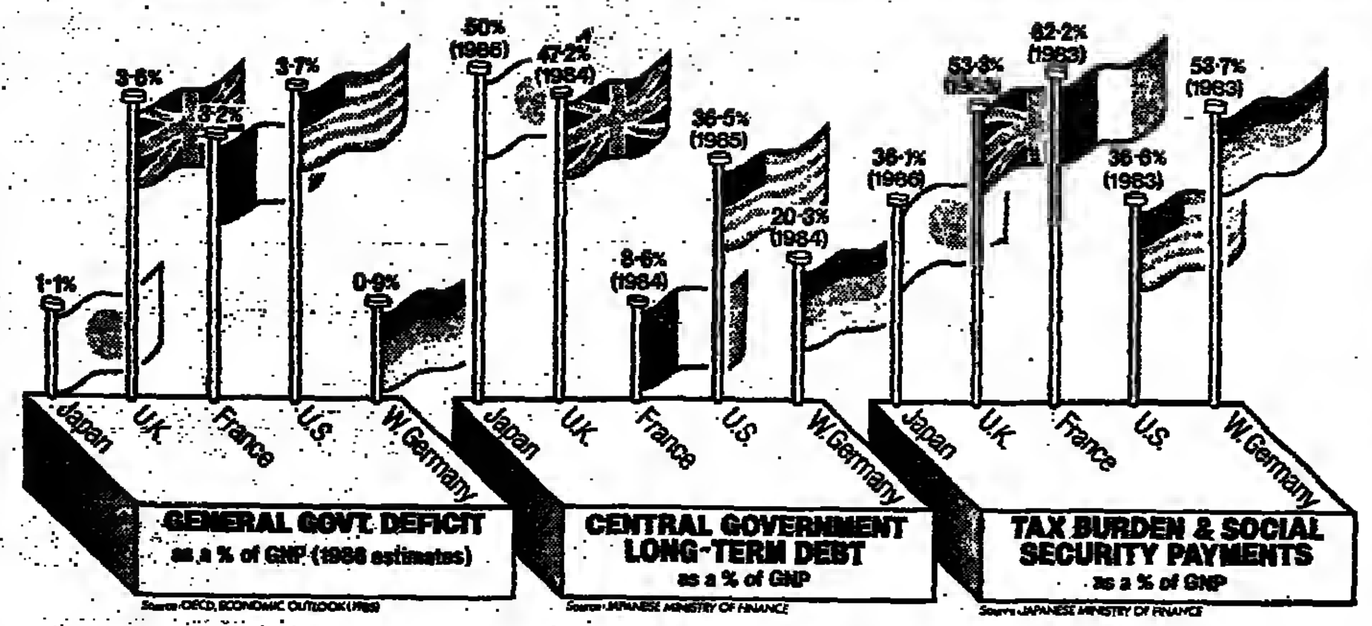
Nothing unusual in that: the once-a-year trip north of the Border at the start of the Spring union conference season is standard practice for many London-based union leaders.

But no other union leader has taken his dog along—in Buckton's case, a little Jack Russell terrier, which joined the family when the locomen's leader was TUC chairman in 1984. The terrier's name? What else, but TUC. Providing, perhaps, a more fitting image in these days of declining membership than Low's old carthorse.

Useful

A Baghdad hotel informs its guests. "Most of staff speek at least one language."

Observer



Japan and reflation

Where good intentions do not yet amount to a policy

HOSTING an economic summit in what is almost certainly the year of a general election, the Japanese Government has made an intense effort to explain its economic management.

Recent weeks have seen the publication of the Maekawa report, commissioned last autumn by Mr Yasuhiro Nakasone, the Prime Minister, to take a hard look at the structure of the Japanese economy and the unveiling of another economic package designed to stimulate Japanese domestic demand.

Officials explain how Japanese industry is suffering under the 35 per cent revaluation of the Yen since last October. "Bear with us," is the general message, "we know our export dependence is a problem and that it has to change. We are taking tough medicine in the foreign exchange market and doing whatever else we can."

The country's $50bn current account surplus is the main bone of contention.

"It is impossible for Japan alone to continue to be an island of solitary prosperity, with a large current account imbalance, depending upon exports," said the Prime Minister recently in greeting the Maekawa report. The problem is that it will prove impossible to correct this imbalance swiftly.

Beyond the immediate "J-curve" problem, the pattern of Japan's trade will assert itself. Seventy per cent of Japan's imports are fuel and raw materials whose international prices are weak and which are decreasingly vital to the growth of the modern Japanese economy. Ninety-six per cent of Japan's exports in 1984 were manufactured goods, and 70 per cent mechinery and industrial equipment.

How quickly will the rest of the world'e appetite for these products evaporate es their price rises? Japan's cheaper videos, hi-fis, and cars may well be challenged by the produce of Asian NICs like Korea. But in the capital goods sector the lesson from Germany in the early 1970s (when it, too, stood in the dock on charges of excessive success) was that once a reputation for quality, delivery and after-sales service is established, sales of capital equipment are remarkably unaffected by price.

Another offsetting factor will be the reaction of the Japanese private sector itself. "Export or die," may be an outmoded exhortation for the Japanese economy as a whole, but for several huge companies it remains e fact of life. In 1984 exports made up 58 per cent of Nissan's sales, 71 per cent of Honda's, 69 per cent of Sony's, 67 per cent of Mazda's 62 per cent of Sharp's. These are companies with life-time employment: fixed labour costs mean they cannot afford to give up such a vital element of their turnovers in the face of the stronger Yen.

Nor need they. In many consumer product Japanese companies have delivered a quality and innovativeness whose price sensitivity in Western markets has never really been tested during the cheap-Yen era. A glimpse of a commuter traffic jam in Tokyo leaves a formidable impression of this high-quality, price-no-object challenge the Japanese motor industry can now unleash; 24-valve double-turbo, gadget-laden cars whose novel shapes suggest that Japan is poised to dictate the look of the product over the next decade just as it does already for cameras and home electronics.

It is going to take quite some exchange rate adjustment to neutralise such talents and such imperatives.

For the moment, and to the intense disquiet of Western Governments, the Japanese Government is talking about "transitional relief" to those parts of industry that are suffering from the Yen's new strength. Tinkering aside the idea of a full-scale fiscal reflation remains taboo in Tokyo, though there are some signs that the all-important "consensus" in this matter is shifting.

Trying to get to the bottom of this aversion proved an exercise of the onion-peeling kind. Why did the supposedly independent Maekawa Commission accept without explanation the Government's aim of eliminating the issue of new bonds to fund the central Government deficit by 1990?

Wataru Hiraizumi, Minister of State for Economic Planning, explained that the policy was the "sacred domain of the Prime Minister, a personal conviction which even a committee like that could not question."

Why did the Prime Minister persist in this conviction? Because, several senior officials explained, he was dedicated to the reform and streamlining of Government. It would be hard to spend more with one hand, while trying to prune back bureaucracy with the other.

That aside, did the Japanese Government feel it was up against real financial constraints? Yes, said officials at the Ministry of Finance, the central Government's accumulated long-term debt was higher in relation to GDP than in any other country (see chart) in the Group of Five.

Why focus on central Government debt rather than general Government borrowing as a whole? Because, the Finance Ministry officials explained, the latter was diminished by large state pension provisions, which were necessary because Japan's population was set to age much more rapidly between now and 2020 than those of its G5 partners.

Within the Ministry of Finance, a singularly distinguished and old-fashioned building, in which an elite of pale, dark-suited bureaucrats work at desks piled high with statistical ledgers, another reason for the conservative fiscal policy gradually emerged.

Japan has cruelly progressive rates of income tax, but its overall tax take as a percentage of GDP is low because indirect taxes are low (see chart). European-style VAT proved politically impossible to introduce in the late 1970s. In an economy with an endemically high savings rate, tax raising and tax spending by Government would have a net stimulative effect.

Fiscally neutral tax reform, shifting the burden from direct to indirect tax, is already on the agenda in Japan. What Ministry officials are discreetly hoping for is a net revenue increase, rather than neutrality, so they can reconcile more spending with sound book-keeping. But in an election year, in which Mr Noboru Takeshita, the Finance Minister, is hoping to take over from his party colleague Mr Nakasone as Prime Minister, the logic of all this is hopelessly enmeshed in politics.

Another area where Japanese consensus-building needs a push is in the reform of its savings and financial system. There are two problems, directly linked. The Japanese are naturally thrifty, and are further encouraged to save, rather than spend, by tax breaks on small savings accounts. The Japanese financial system has been lopsidedly liberalised: it is easy for the world to borrow Yen at market rates but harder to invest them.

The common link is Japan's postal savings system, a network of 23,000 small post offices whose total assets are as great as Japan's 65 regional banks. They can raise finance at cheap, official rates because they pay no rent or postal charges and are particularly immune from fiscal investigation. They are political dynamite because their managers are pillars and vote-deliverers in the local community. They provide the public sector with substantial quantities of cheap funds.

Until this system is asked, like the TSB in Britain, to stand on its own two feet and compete in a money market with the banking system, it will be hard to remove the fiscal breaks which underpin it and hard to allow Japanese short-term rates to be determined by market forces. The Tokyo financial centre badly needs a Japanese treasury bill market to provide a secure and liquid form of Yen investment. It cannot have one, at the moment, because its existence would blow the Japanese postal saving and rigged interest rate system apart.

Again this is an area where the consensus is shifting — "the dynamite is now damp," according to Motoo Shiina, the director of the international bureau of the ruling party. But again, it is hard to envisage much progress with an election in the wind.

America's desire to see Japan reflate is one that is hard to reconcile with the reduced economic role for Government which America — and Britain, for that matter — would naturally advocate. Japan is steadily lowering interest rates — "pushing hopefully on a piece of string," as a senior executive at Nomura put this.

"I would hope that each one of my fellow Japanese will pause and reflect upon your own life-style and will give some thought to achieving an enhanced pattern of consumption," said the Prime Minister the other day. Officials insist that such exhortation, and ploys like the "Beef Week" announced in the latest economic package, work in Japan. The Maekawa report emphasised the need for greater private consumption and Mr Shiina called the report a "gas diffused into the atmosphere and breathed in over years to create consensus".

Yet one suspects that this gaseous approach to reflation is neither swift enough nor appropriate. The abiding impression of many Western visitors to modern Japan is of private elegance set in a public shambles. On one hand Japan designs and avidly consumes beautiful products and makes art of many of the little details of life. On the other it allows bidonville townscapes to ramble over its hills.

Here is a collective dimension to Japan's standard of living which will not respond to increased public consumption or infrastructure investment in the narrow, bridge-and-motorway sense of the term. The Government directed Japan's pell-mell, export-avid economic reconstruction and then let the private sector have its head. Should it not now work out a vision of what Japan will look like in 50 years and set this out in targets, zones and projects to which the private sector can react?

But swiftness is the more immediate lack. The current account surplus will not go away. The Yen threatens to become a negative interest rate super-currency. Soon "mea culpa" and good intentions will not suffice as policy inside e country which still values its work more highly than its play.

Nicholas Colchester

Lombard

The tyranny of arms control

By Malcolm Rutherford

HERE ARE two hypotheses and a tentative conclusion.

One of the least likely events is a nuclear war between the superpowers.

The failure of the superpowers to reach agreement on nuclear arms control makes it more difficult for them to agree on other matters.

Therefore, why not put arms control on the shelf for a while end talk about something else?

Arms control has become one of the tyrannies of our time. Hopes of success are much exaggerated: even when agreement is reached, as in Salt 1, it fails to take account of developing technologies. There is always a new system in the offing while the negotiators are trying to put a ceiling on the old.

A breakdown of arms control talks is much worse. It leads to yet more competition in destructive weapons and—more important—wipes virtually every other subject off the egenda.

During the period of detente in the early 1970s, it was said that progress between the superpowers on arms control was essential to progress elsewhere: for example, in central Europe or even the Middle East. That proved to be false, partly because Salt 1 was not quite the show-stopper it was supposed to be and partly because events elsewhere have their own momentum.

Nowadays, it is worth looking at it the other way round. If the United States and the Soviet Union can reach a closer understanding on other matters, maybe it will be easier to reach an arms control agreement later.

It is not as if nuclear war is imminent or anything like it. There is, has been for a long time, and will continue to be for the foreseeable future en approximate nuclear balance of power or "rough parity." It would require e lunatic in Washington or Moscow, or both, to unleash it. That does not seem to me a very likely event. Moreover, the Americans are not going to establish their new strategic defence system overnight.

Yet in a curious way it is the nuclear rivalry that preoccupies some of the best minds in the two superpowers. They have become hooked on a problem that may be unresolvable, and may even have temporarily resolved itself by the existence of parity.

What else could they talk about? There is the Middle East, for e start. The idea that there could be any kind of settlement in that part of the world without the participation of the Soviet Union has always seemed incomprehensible, despite the way the Americans cling onto it. They could begin in quite small ways: for instance, by trying to mediate in the Iran-Iraq war which has been going on for more than five years. Then they could move on to Palestine.

Should that sound fanciful, it is worth asking tha question: if the superpowers do not try to bring peace to the Middle East, who will? And if there is no peace in the Middle East there is always the danger of the superpowers being drawn into the conflict.

They could talk about central Europe: what is to be the next movement after the relaxation of more than a decade ago? Do the Soviet Union and its allies want to enter more fully into the world economy? They might even have something to say to each other about the implications of the fall in the oil price and the future of world supplies.

They could talk about specific areas of conflict as well: Afghanistan, Central America, Angola and Southern Africa. There might be e mutual interest in establishing how far each side is prepared to go and how far the other will let it.

Not least, there are matters of arms control not on the nuclear egenda: the force reduction talks in Vienna, for example, of the Stockholm Conference on Disarmament in Europe. They could prove altogether more tractable than the great issue of nuclear weapons—that could come later.

It would be excellent, of course, if President Reagan and Mr Gorbachev could stop the nuclear rivalry once and for all. The chances are that they will not. If they fail, all the other rivalries will get worse. That is why it is mistake to attach too much importance to seeking a nucleer agreement.

Letters to the Editor

Intellectual property

From Dr C. Oppenheim

Sir,—There is a particular proposal in the intellectual property and innovation White Paper which seems to have been generally overlooked. Clause 8.13 states that "fair dealing" will no longer apply to "commercial" organisations.

"Fair dealing" is the right of someone to take e single photocopy of e single article from a journal, or a small section out of e book, for the purposes of research or private study. The idea is bad because it discriminates against commercial companies, who have legitimate reasons for wanting photocopies for research, it would be difficult to define "commercial" and it would be impossible to fairly enforce.

It has already been suggested that large companies will set up not-for-profit institutions, who will be genuine ecademic research establishments and who do all photocopying on behalf of the parent companies. Large libraries, who carry out multiple photocopies for all and sundry will have to inquire whether the client wanting a photocopy is commercial or not—and will have to discriminate between its various clients accordingly. The definition of "commercial" will in any case cause problems.

Let us hope, therefore, that this bad proposal, amongst much that is sensible, will be dropped before the Copyright Bill enters Parliament.

(Dr) Charles Oppenheim.
80, The Warren,
Billericay, Essex.

Expensive to work

Sir,—Professor Richard Layard (April 15) predicts a fall of 750,000 unemployed if a £100 a week job were offered to them.

The total sum of benefits available to a single unemployed living away from home varies according to geographical location, but in south London be can receive up to £70. In work on £100 per week, his tax is £17.10, NI contribution £9.02 and travel to and from work a minimum of £5, leaving him a net income of £68.88. A married/two child unemployed could drew around £90 in benefits as against a working net income of £80.

It is not even e question of considering a £100 a week job. He simply cannot afford to do so. Before planning to create jobs et this figure, surely the time has come for politicians and academics to face the fact that there are some 500,000 vacancies which no one is willing to fill et this moment.

Tax and NI contributions on low pay are two of the major factors of enforced unemployment and no Government has made the slightest attempt to change this situation. Until one does, unemployment will continue to rise and the taxation system will condemn more people to the dole queues.

D. G. Franklin.
121 Kennington Road, SE11

Investment by the state

From the Director, Aims of Industry

Sir,—Michael Prowse's summary of the nationalisation-privatisation arguments (April 18) covers a lot of ground. But it leaves out some essential points.

The return on capital invested in state industries was about one-third of the return in private industries in the 1960s. There was virtually e nil return in the 1970s overall in state industries. That meant that Britain was poorer than it needed to be.

A by-product of nationalisation was the major political one — that unions eventually realised that a strike in a nationalised industry was a way of bringing a government down.

Mussolini needs to be given credit for his corporatist and seminal idea of the state investment organisation which buys into a large number of companies. That was the blue-print for such organisations as the National Enterprise Board. Even now the state and nationalised industries own or partly-own something like 1,000 companies in this country and abroad.

Michael Ivens.
40 Doughty Street, WC1.

The Finance Bill

From Mr J. Martin

Sir,—Mr Charles Beattie QC (April 18) must have written with tongue in cheek when he referred to tha considerable volume of fiscal legislation in the last seven years and the fact that it has resulted in empire building in the revenue departments.

Surely the volume of tax law coupled with the fact that so much is incomprehensible — even to the experts—means that counsel's opinion has to be sought more often than at any time previously, especially by accountants and lawyers who nowadays have the additional worry of possible professional negligence claims by their clients. I would suggest thet the tax bar has never had it so good!

John F. Martin.
57 Tycehurst Hill,
Loughton, Essex.

Wake up to May 1

From Miss G. Keane

Sir,—Last November the Chancellor announced the virtual abolition of the redundancy payments rebate from October 31, 1986. After that date the rebate, 35 per cent of the statutory redundancy payment, would only be payable to employers with less than 10 employees. Despite the total lack of prior consultation, it could be said then in the Government's favour that 12 months notice was given of the change and the extra £200m costs it imposed on employers.

Now the Government is seeking to change even that period of notice. As you reported on April 18 the Government has tabled an amendment to the Wages Bill to bring the change forward to August 1 (or the date of the Bill's enactment, whichever is the later). This change is estimated to involve an additional £40m for employers.

The Governmant may regard this as a small change; many employers will disagree. Three months' notice is far from sufficient in view of the minimum 90-day consultation period required for larger-scale redundancies and the 12-week minimum period of notice to which long-serving employees are entitled. In effect, employers have only until May 1 if they are to comply with these legal obligations and still claim the rebate.

The Government's desire to save money in this way entirely overlooks both the purpose and the funding of the redundancy rebate scheme itself. The Redundancy Fund, set up in 1965, was, and is, funded by a specific additioo to National Insurance contributions (currently 0.15 per cent of payroll for employers, 0.25 per cent of wages for employees). The rebate which started at 60 per cent, accompanied the introduction of statutory redundancy payments and was to help employers and employees elike. Redundancy payments inevitably fall on employers at a time when they are least able to afford them.

If the Government considers that this method of spreading the cost of redundancies is no longer desirable, can it justify the addition of National Insurance contributions collected for this purpose? How can the Governmant justify this precipitous abolition of the rebate?

Georgina Keane.
Titmuss, Sainer and Webb,
2 Serjeants' Inn, EC4

Docklands light railway

From Dr G. Redman.

Sir,—The City of London Corporation is reported (April 17) as having rejected for e second time London Regional Transport's proposals for the siting of the proposed City terminal for the docklands light railway extension.

It surprises me that there has been no public comment on the feasibility of re-routing the Waterloo and City line so as not to terminate at Bank but to run along Cannon Street (with a station there, connected by underground traveletor to the Bank) and provide a through route with the docklands light railway. This would enhance the status of the Waterloo and City line (which in any case is overdue for refurbishment and renewal of rolling stock) at a time when Waterloo station is destined to become the terminal for trains using the Channel tunnel to the Continent.

Given that the extension of the docklands light railway to the City has been laid down as an essential component of the whole Canary Wharf project, it appears to me to be very shortsighted for the City Corporation and LRT (and British Rail) not to be sitting round one table and seeking an urgent and mutually satisfactory solution to the problem.

(Dr) G. H. Redman,
69, Ripplevale Grove, N1.

Spending on research

Imperial Cancer Research Fund From the Secretary,

Sir, — Sadly neither the Cancer Research Campaign nor the Imperial Cancer Research Fund spend such a high proportion of our incomes on research as you quoted on April 16 (100 per cent and 95 per cent respectively).

We both quote the actual percentage in our advertisements. For us it is 93.1 per cent and for the CRC it is 92 per cent. In both cases, the remainder has to be spent actually raising more money and on basic administration. As a matter of fact these expense ratios place us both very high on the list of effective fund raisers.

(Major General) A. W. Dennis.
PO Box 123,
Lincoln's Inn Fields WC2.

FINANCIAL TIMES

Wednesday April 23 1986

UK's new market regulators demand immunity

By Alexander Nicoll in London

THE self-regulatory bodies which are due to police London securities markets in the City's new structure yesterday issued a strong joint warning that they will not operate unless they are given protection against litigation.

"The self-regulatory organisations (SROs) have collectively decided that it would not be possible to invite members to join, or people to serve as directors or officers, unless SROs receive a similar indemnity from litigation to that accorded to the Securities and Investments Board (SIB)," they said.

The six SROs, including the London Stock Exchange and the International Securities Regulatory Organisation (Isro), which represents the Euromarkets, are seeking an amendment to the Financial Services Bill now before parliament.

Last week they wrote to Mr Michael Howard, the minister overseeing the bill, asking him to reconsider the Government's refusal to provide immunity on the same basis as for the SIB, which is to be the umbrella regulatory authority.

Their position is based on opinion sought jointly from legal counsel at Isro's initiative.

The SROs said: "Counsel's opinion makes it clear that the discharge of the SROs' regulatory functions will expose them and their officers to substantial risks in respect of liability to damages.

"These risks are judged to be potentially truly massive and might well involve members of SROs in unlimited liability."

The emphasis on the dangers of simply being a member of an SRO as firms carrying on investment business in the UK will be expected to be – goes further than previous pressure from SROs on the indemnity question. They have previously stressed risks potentially attached to serving as an SRO officer, and said they could not invite lay members to sit on their governing bodies.

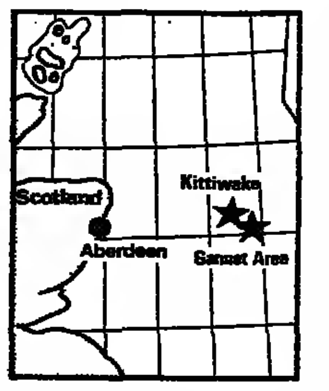
Under the bill, all firms which are not members of SROs will be required to register individually with the SIB, which would then have to oversee them directly. The SIB is anxious to avoid this.

The legal opinion received by the SROs is understood to argue that the bill could be amended to put a limit on the liability of SROs to claims for damages. Officers and employees of SROs, it says, could then be given complete immunity from liability if SROs could show that they were unable to recruit people without it.

The lawyers argued that granting partial immunity to SROs, such as from legal action against them by their own members, might not hold in law.

UK licence round proceeds but Shell-Esso plan shelved

BY DOMINIC LAWSON IN LONDON



SHELL and Esso said yesterday that they had rejected plans for the £2.5bn ($3.8bn) joint development of a cluster of five oil and gas fields in the North Sea.

The announcement came as the British Government confirmed that it was to press ahead with a 10th offshore oil and gas licensing round despite the collapse of oil prices and the cut in North Sea exploration. The Energy Department is determined in part to encourage the North Sea supplies industry.

Although larger oil companies said they were quite happy to see no delay in the 10th round, the move was less well received by small UK exploration companies. One said yesterday: "We need new offshore exploration like a hole in the head."

Dr Colin Phipps, chairman of Brindex, the association of British independent oil companies, said yesterday: "We would have preferred it if the 10th round had been deferred."

The Government has made an effort to make the round enticing for even the smaller companies. It will not auction any of the blocks on offer, which Dr Phipps said yesterday "was a very positive aspect." It is the first round since the 6th in 1976 with no cash call on the industry. The previous licensing round in 1985 raised £122m for the UK Government.

There is a wide spread of acreage on offer, concentrating on the mature producing regions of the North Sea. The Government has steered clear of offering tracts in areas such as the Irish Sea and the English Channel.

The Government is dropping its 9th round requirement that companies seeking prime blocks should link the application with a bid to drill in deep water frontier acreage. The Energy Department recognises that in the current climate a continuation of that policy might result in the oil industry's walking away from the round.

The 10th round is likely to be completed early next year. Mr Alick Buchanan-Smith, the Energy Minister, said yesterday "The round is aimed primarily at consolidating on the 9th round and encouraging exploration in those areas which merit more intensive examination."

The reluctance of the oil industry to make big new investments in the North Sea was brought home yesterday by Shell's decision not to proceed with plans to undertake the first ever development of a cluster of small North Sea oil and gas fields. Shell and Esso had said last year that they were considering the development of four fields in the Gannet area together with the Kittiwake field, at a cost of £2.5bn. It was the most costly new development ever considered for the UK.

Last year Shell said that Gannet construction work would provide 6,000 jobs over three years.

Opec pessimistic about oil price, Page 3

Mobil reports 38% gain in quarter

BY WILLIAM HALL IN NEW YORK

MOBIL OIL, the second biggest US oil group, yesterday reported a 38 per cent jump in first-quarter net income to $440m. Freeport-McMoRan and Diamond Shamrock, two smaller US energy groups, meanwhile reported losses, underlining the widely differing impact of the recent collapse in oil prices.

Diamond Shamrock, which has long been regarded as one of the companies most vulnerable to falling oil and gas prices, reported a $10m loss, after net income of $59.1m in the first quarter of 1985.

Freeport-McMoRan, a New Orleans-based natural resources group, reported a $133.2m first quarter loss as a result of a $149.6m writedown of its oil and gas assets.

Mr Allen Murray, Mobil's Chairman, warned yesterday that crude and gas producing prices and earnings at present were lower on average than those for the first quarter.

Marketing and refining margins were declining. Future earnings were likely to be "sharply lower" unless crude oil and gas prices increased from current depressed levels.

Mobil earned $1.08 a share in the latest quarter against 78 cents a share a year ago. Revenues were $1bn lower at $14.1bn.

German banks lift role in Euronote market

By Jonathan Carr in Frankfurt

WEST GERMAN banks are gradually becoming more involved in the controversial business of supplying Euronote back-up facilities after a period of marked reserve, according to the Bundesbank's latest monthly report, released today.

The central bank noted that German banks had so far played only a modest role in this fast growing and highly competitive market sector, because of caution and the slim margins available.

But it added that the banks were now evidently boosting their activities in the field, where US and Japanese banks were the market leaders, not least through their offshoots in foreign financial centres.

Since mid-1985, German banks had either led, or been involved in, the arrangement of a total of $340m worth of back-up facilities for leading German companies, the Bundesbank said.

The Bundesbank's comments come just after the release of a study by the Bank for International Settlements (BIS) expressing strong reservations about the impact of innovation on the stability of world financial markets.

The study warns, among other things, that many new instruments are priced too low, so that banks find it hard to build an adequate capital buffer against the risks involved, and that monetary policy is being impaired.

The Bundesbank shares those reservations, not least with respect to Euronote facilities, under which a borrower can issue short-term paper backed up by bank underwriting commitments.

The central bank emphasises that under those arrangements, borrowers feel assured of finance at attractive rates, holders of the paper believe they can dispose of it at almost any time – and the banks imagine they would have to make good their commitment only in the most extraordinary circumstances.

"It is apparent that the expectations of all three participants cannot always be fulfilled simultaneously," the Bundesbank comments. If the market turned sour, the banks might indeed have to produce back-up funds, and could not necessarily avoid doing so through previously specified "escape clauses."

The Bundesbank recalled that German credit supervisory authorities were already considering how best such off-balance-sheet risks could be taken into account through a change in regulations.

It is proposed that – as in Britain – one half of the banks' obligations under Euronote issuance facilities should be counted as loans for the purpose of calculating capital-to-lending ratios. A decision is expected soon.

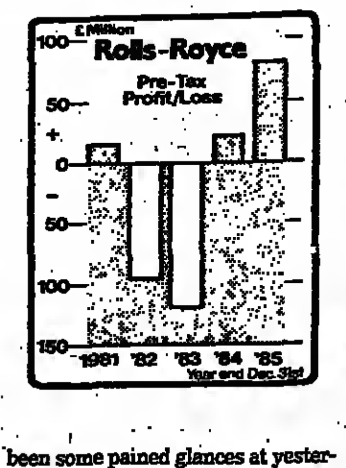
The central bank also noted that, from the end of June, German banks are to provide the authorities with more details of their off-balance-sheet business using new instruments. So far, as the BIS report underlined, there has been a marked lack of information available about the issue.

Generally, the Bundesbank said, customer demand in Germany for Euronote facilities and similar innovations had not been as strong as in many other countries.

One reason, it suggested, was that the German universal banking system (all facilities under one roof) had long proved highly flexible in meeting customer needs – without having to resort to the use of wholly new instruments.

THE LEX COLUMN

Rolls-Royce on the testbed



As a dummy run for the prospectus, the 1985 annual report of Rolls-Royce is all that any share salesman could wish. It is glossy, but restrained in design, and despite a liberal sprinkling of blue-sky glamour photography it projects an attractively sober image of the smoothly running public company that Rolls wants to become early in 1987.

More than most other privatisation candidates, Rolls has already set about drawing its accounts into a form that will prove digestible to the stock market analysts. There are no arcane policies on inflation accounting such as the market will have to assimilate with British Gas, nor any inflation accounting, come to that. Unlike British Aerospace, Rolls sets its development expenditure straight against current profits; there is not the smallest trace of capitalised education costs.

Rolls is also fortunate in its timing. After a spluttering flight through the early 1980s, there is the beginning of a stable profit record on which to float. Forecasts of £100m pre-tax for 1986 will be a natural number for the City to crunch over, given talk of a significant increase over the 1985 figure of £81m. On a normal tax charge, which Rolls will not be paying for a couple of years to come, and on a prospective BAe multiple of about 10, Rolls could be capitalised at about £750m. But that is before anybody starts to make play with the cash injection that Rolls will receive as part of the issue. If the Government allows Rolls to raise £200m, that would wipe out most of the interest charge, and on a constant multiple could increase the sale value of the company by another £200m.

Underneath all these rosy speculations, however, Rolls and the Government will have a hard time persuading the City that this is indeed an entirely different company from the one that crashed in 1971. And even with a strengthened balance sheet and its new emphasis on international collaboration, there must be some hard questions about how Rolls will be able to hold its own in the company of General Electric and United Technologies.

Guinness placing

Presumably the post-acquisition gearing of Guinness was never the subject of any undertaking to the OFT, otherwise there might have been some pained glances at yesterday's £270m arrangement to buy in 90m new Guinness shares for cancellation. Yet the advantages to Guinness shareholders are patent. The shares have been saved from the expected battering which they would have suffered if both Argyll and the supporters of Guinness had tried to get their holdings placed. Hit with only one barrel, the shares actually closed higher than the 300p placing price. Further ahead, the short-term increase in debt will weigh less heavily on Guinness's earnings than the additional shares that would have been in issue. If Guinness cannot squeeze £270m of cash out of Distillers by about next Thursday week, it should not have been allowed to take the company over in the first place.

London/Nasdaq

The electronic bridge between the London Stock Exchange and Nasdaq was boldly presented yesterday as the beginning of the global network for 24-hour equity trading. Well, up to a point. UK investors will have access through Topic screens to competing bid and offer prices for Nasdaq securities while, in return, the US market will see a single middle price for the FT-SE 100 constituents and competing spreads for international stocks traded in London.

The UK market seems for the moment to have the better half of the bargain. No Wall Street dealer is going to use a single mid-price as the basis for trading, so the FT-SE list will provide general guidance at best. After the Big Bang, Wall Street will be able to see the best bid and offer on any stock, but London has not yet decided whether to make competing quotes available. To develop the London market on the Nasdaq model of competing market-makers and then not let Wall Street see the competition in action would be a little odd, not least as Reuters and others will be happy enough to oblige if the Stock Exchange does not.

London, meanwhile, sees a fullish list of Nasdaq securities (though no UK ADRs) and a range of competing prices. But what the electronic bridge does not provide, which Instinet does, is an on-screen execution service. So long as the bridge is used primarily for big block trades, this may not much matter. But if the two exchanges are really to steal a march on the private-sector competition, they must develop a common clearance and settlement facility. Without it, the bridge opened yesterday will be just one among many ways of crossing the Atlantic at the press of a button.

Currencies

Everything seems to be going against the dollar at the moment. Yesterday's US durable goods number, showing a 2.5 per cent drop in orders in March despite a sharp rise in defence buying, only reinforced the impression that last week's first-quarter GNP figure looked better than it should have. Foreign exchange dealers want proof positive of a stronger US economy, which even the optimists do not expect until the autumn, before they will stop selling the dollar. An end to cuts in the discount rate or an improvement in the trade deficit might just satisfy them but neither is on the cards. Otherwise, only technical reactions offer any respite.

The mere fact that all forecasts are for a further fall in the dollar does not mean that it is yet time for contrary thinkers to start buying. The Bank of Japan found that it was unable to intervene against the tide, certainly in the market absence of help from other central banks. The Japanese are now feeling the nasty effects of a rapidly rising yen, as Honda Motor's results showed yesterday, which does not add to Mr Nakasone's survival chances; but Japan finds little sympathy in Washington, where the protectionist lobby is still eyeing the trade deficit and elections are also approaching.

Chirac faces fire from right on 'timidity' toward free markets

BY DAVID HOUSEGO IN PARIS

DISAPPOINTMENT is beginning to surface on the French right that the conservative administration of Mr Jacques Chirac has not gone further in applying free-market economic policies.

The disappointment has been most strongly voiced by Mr Jean-Claude Casanova, once an adviser to Mr Raymond Barre, the former prime minister, and now a columnist in the weekly magazine L'Express. In an article in the current issue, he accuses the Government of "timidity" and of lacking the courage of its convictions.

"You cannot both gamble on the success of [an economic] policy and its failure," he writes. He accuses the government of contradiction in cutting public expenditure while subsidising the creation of new jobs for the young and in fighting inflation while giving way to French farmers over increases in farm incomes.

"You cannot both reduce public expenditure and at the same time subsidise employment," he says. "You cannot fight inflation and increase agricultural prices."

Most of the criticism has come from within the liberal UDF party, which feels that its leader, former President Valéry Giscard d'Estaing, was kept out of the post of economy minister by Mr Chirac and that its more free market policies have also been set aside.

Within the UDF's ranks there is disappointment that the lifting of price and exchange controls is so far only partial. The critics also feel that cuts in government expenditure – amounting to only FFr 10bn ($1.4bn) in the supplementary budget announced last week – did not go deep enough.

They think the Government's decision to continue to provide substantial aid to shipyards, to the car manufacturer Renault and to the steel industry reflects a nostalgia for state intervention that the Right had pledged to abandon before the election.

They are privately criticising Mr Edouard Balladur, the Finance Minister, for imposing on Electricité de France (EDF) a 1 per cent cut in its tariffs last week after the state electricity authority had asked for a 1.5 per cent increase to help to reduce its financial deficit. They are sad that Mr Chirac's statement of policy before parliament contained nothing on the deregulation of the telecommunications and energy sector or on providing more competition in the banking system.

This criticism – still muted in public among parliamentary deputies because of the Government's narrow majority – has been more publicly voiced in the right-wing press. L'Express, for instance, belongs to Sir James Goldsmith, a committed free marketeer who supported Mr Chirac in an editorial before the elections.

Similar criticisms have also begun to emerge in Le Figaro, the flagship of Mr Robert Hersant, the French press magnate. Although editorials have endorsed the overall direction of government policy, they have warned the government against being too cautious over the economy.

On a political level, those differences of view within the new administration have been reflected by public divergences over Mr Chirac's handling of the US bombing of Tripoli and Benghazi. Mr Giscard d'Estaing in a public statement came out in support of the US and has written to President Ronald Reagan on those lines.

Nasdaq and London launch prices link

Continued from Page 1

development of automatic execution of international trades.

Mr Stephen Raven, chairman of the London exchange's International Markets Committee, yesterday enacted the first trade under the new link, buying 1,000 shares of Intelcom from a Nasdaq member in New York, Bernard Madoff. The trade was based on a price quoted by Mr Raven's firm, Rowak, on the London exchange's automated quotation system, and visible to Mr Madoff on his Nasdaq screen through the link-up.

As well as distributing US market-makers' prices through the London quotation system, the NASD is discussing an agreement with Reuters, the UK-based business information group, under which Nasdaq prices on as many as 500 stocks would be seen on Reuters screens.

Industry 'losing competitive position'

BY OUR PARIS CORRESPONDENT

THE EXPECTED overall improvement in the French trade account this year concealed worrying trends that reflected a loss of competitiveness by French industry, Mr Michel Noir, Minister for External Trade, asserted yesterday.

Mr Noir said that with an oil price of $15 a barrel and an exchange rate of FFr 7.30 to the dollar, France would have a trade surplus of FFr 25bn to FFr 30bn ($3.5bn to $4.2bn) this year after a FFr 24bn deficit in 1985. But this surplus was due to n FFr 80bn saving on France's import bill.

What was alarming, Mr Noir said, was the decline in France's surplus on industrial goods and its loss of market share in manufactured products – particularly within Europe.

France's surplus on industrial goods declined by 14 per cent last year to FFr 8.3bn. In March – the last month for which figures are available – the surplus on industrial goods declined to FFr 3.1bn against an average for 1985 of FFr 6.9bn.

Mr Noir said that France's share of world trade fell from 5.8 per cent in 1984 to 4.9 per cent in 1985. France's share of trade in manufactured goods had fallen to 9.3 per cent in 1985 from 11.1 per cent in 1980.

France's "increased vulnerability" was mainly attributable, he said, to a loss of price competitiveness, the failure of French industry to adapt to changing world demand and inadequate marketing abroad.

The continuing fragility of the trade picture – notwithstanding the sharp drop in energy imports – is one of the reasons why the Government has been cautious in implementing policies that could stimulate domestic demand.

Last year French manufactured imports rose 5.9 per cent in volume

Olivetti buys Triumph-Adler

Continued from Page 1

Triumph-Adler revenues come from office equipment (typewriters, photocopiers and calculators), while computers account for the balance. Triumph-Adler is believed to have 3 to 4 per cent of the European market in personal computers and around 8 per cent of the West German market.

The Olivetti purchase of Triumph-Adler is the latest in a series of recent acquisitions made by Italian companies outside Italy. Other recent deals include Fiat's participation in the rescue of Westland in the UK, the taking of majority control of France's Beghin-Say sugar and paper products group by Ferruzzi of Ravenna and the launch of the first private commercial television station in France by Italy's Mr Silvio Berlusconi. Mr de Benedetti purchased 19.4 per cent of the Valeo car components group in France via his CIR holding company (he has also launched a partial bid to increase his Valeo stake to 36 per cent) and Pirelli acquired the Metzeler tyre and rubber products subsidiary of Bayer in West Germany.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	24	75	Dubrovnik	S	16	61	Malta	—	—	—	Rhodes	S	22	72
Algiers	S	21	70	Edinburgh	R	4	39	Manchester	R	7	45	Rio de J'o	C	32	90
Amsterdam	F	10	50	Faro	F	14	57	Manila	S	37	99	Rome	S	18	64
Athens	S	19	66	Florence	—	—	—	Melbourne	C	21	70	Salzburg	S	23	73
Bahrain	F	24	75	Frankfurt	C	8	46	Mexico City	S	27	81	San Francisco	C	24	75
Bangkok	S	35	85	Funchal	F	17	63	Miami	S	27	81	Seoul	S	17	63
Barcelona	F	19	66	Geneva	D	3	37	Milan	—	—	—	Singapore	R	31	88
Beirut	S	22	72	Gibraltar	F	16	61	Montreal	R	14	57	Stockholm	C	3	37
Belfast	D	10	50	Glasgow	F	8	46	Moscow	C	12	54	Strasbourg	C	6	43
Belgrade	S	21	70	Guernsey	F	9	46	Munich	C	13	55	Sydney	S	25	77
Berlin	R	11	52	Helsinki	R	4	39	Nairobi	F	23	73	Taipei	R	22	72
Biarritz	F	12	54	H. Kong	C	23	73	Naples	—	—	—	Tangier	C	16	61
Bombay	S	32	90	Innsbruck	F	16	61	Nassau	C	28	82	Tel Aviv	—	—	—
Bordeaux	C	10	50	Inverness	R	4	39	New Delhi	S	37	99	Tenerife	S	20	68
Brussels	F	10	50	Islamabad	S	35	95	New York	S	17	63	Tokyo	C	17	63
Budapest	S	20	68	Istanbul	S	15	59	Nice	C	15	59	Toronto	C	10	50
B. Aires	C	26	79	Jakarta	C	31	88	Nicosia	S	24	75	Tunis	S	27	91
Cairo	S	24	75	Jersey	F	10	50	Oporto	C	11	52	Valencia	S	20	68
Cape Town	S	23	73	Jo'burg	F	19	66	Oslo	Sn	-1	30	Venice	—	—	—
Caracas	C	29	84	Lima	S	24	75	Paris	C	11	52	Vienna	S	22	72
Casablanca	F	17	63	Lisbon	F	14	57	Peking	S	16	61	Warsaw	S	20	68
Chicago	F	5	41	London	C	9	48	Prague	F	19	66	Washington	—	—	—
Cologne	F	11	52	Los Angeles	C	31	88	Reykjavik	F	7	45	Zurich	R	5	41
Copenhagen	F	9	48	Luxembourg	F	8	46								
Corfu	S	15	64	Madrid	F	11	52								
Dallas	—	—	—	Majorca	C	18	64								
Dublin	F	10	50	Malaga	C	19	66								

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

EEC partners to expel Libyans

Continued from Page 1

have at least one dependant, the spokesman added.

The British move is likely to raise tension within the 7,000-strong Libyan community in Britain, which includes 2,000 students. Among them are 250 technicians and trainee pilots at Heathrow Airport, Gatwick Airport and the Oxford school.

West Germany is planning to sharply reduce the size of the staff at the Libyan People's Bureau in Bonn. It is expected to order up to half of the 41 embassy personnel to leave.

The aim is to bring the Libyan representation into line with the size of the staff at the West German Embassy in Tripoli, currently standing at 22. It is possible that Bonn will reduce the number of its own staff in the Libyan capital.

The Germans are also thinking of stationing security attachés in selected embassies in the Middle East to liaise with police and intelligence-gathering agencies. The Foreign Ministry is believed to have reservations about such a move.

West Berlin police, hunting the organisers of the discotheque bombing two weeks ago, said yesterday that a man arrested at the weekend was the brother of a Jordanian detained in London for trying to blow up an Israeli airliner.

A spokesman identified the man as Ahmed Nawaf Mansour Hazi, 35, and said he was seized after a tipoff from London police.

هكذا من الأصل

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Wednesday April 23 1986

Chrysler profits slump as it holds prices down

BY TERRY DODSWORTH IN NEW YORK

CHRYSLER, the third-largest US car company, was hit by a sharp 30 per cent fall in net profits in the first quarter of this year, reflecting its decision to forgo price increases despite higher labour costs following *its wage* contract settlement last year.

Net income amounted to $356.9m, or $2.36 a share, against $507.6m, or $2.79, in the same period of last year, while sales rose by 6.8 per cent to $5.78bn from $5.41bn.

Unit vehicle sales rose by 3.6 per cent, with shipments of 566,300 vehicles against 547,000 a year ago, but the group's market share in the US and Canadian car and truck sector showed a fall to 11.5 per cent from 13.2 per cent, largely because last year's figures were boosted by the highly effective "thank you, America" sales incentive programme.

The results, the first quarterly figures this year from one of the big three US motor groups, underline the increasing pressure being exerted on car company margins by their efforts to stimulate sales in the face of flagging demand. All of the big three continued to offer cut-rate financing *in some form during* the first quarter and are currently building up to a price battle following the decision of General Motors to raise its prices by 2.9 per cent.

In addition, Chrysler's results, adjusted to take account of a three-for-two stock split in February, were depressed by a higher tax charge, based on 41 per cent of pre-tax profits rather than last year's 31 per cent. The company has progressively increased its tax provision since its emergence from near-bankruptcy, which allowed it to escape tax entirely for several quarters before last year.

Mr Lee Iacocca, chairman, warned that second-quarter earn*ings would be hit by investments* in new models which would cause closures in two large assembly plants. But he added that the company had ambitious plans to launch nine new models over the next 18 months to position it to "meet future market challenges."

Olivetti profits jump 41.5%

By Alan Friedman in Milan

OLIVETTI, Italy's leading office automation maker and the biggest European-owned company in the sector in turnover terms, yesterday announced a 41.5 per cent increase in consolidated net group profit, to L503.7bn ($335.8m).

The result, released along with *the news of* Olivetti's *takeover* of Triumph-Adler, the West German office equipment company, was *struck on consolidated group turn*over of L6,140bn up by 34.1 per cent on 1984.

Olivetti's total net indebtedness at the end of 1985 stood at L190bn, against L319.3bn at the end of 1984. This represented 8.3 per cent of the group's equity base, which was L2,280bn, some L322bn higher year-on-year.

The net group profit represented 8.2 per cent of total turnover, a margin which compared with 7.8 per cent in 1984 and which is among the highest in Italy.

Last year Olivetti spent L466bn on capital investments and L284bn on research and development. The latter representing 4.6 per cent of total revenues.

Olivetti's parent company achieved a 36.6 per cent rise in turnover to L3,487.4bn and a 39 per cent rise in net profit to L329.5bn. The company is proposing a dividend *payment* of L320 per ordinary share, against L275 in 1984 and L340 per savings share.

The Olivetti board also decided yesterday to propose an increase in share capital so as to make available *10m savings shares to employ*ees.

Fiat ready to buy Libyan stake

BY JAMES BUXTON IN ROME

MR CESARE ROMITI, managing director of Fiat, has admitted that the group faces "genuine problems" because of anxiety in the US that the Libyan Government holds 15 per cent of the company's equity.

Mr Romiti reminded an Italian newspaper interviewer, that IFI, the holding company controlled by the Agnelli family, had first option to buy the Libyan stake should Libya decide to sell it and that IFI was "ready to do so at any moment."

Libya, however, has given no sign of wishing to sell.

The Libyan Government's stake is held through the Libyan Arab Foreign Investment Company (Lafico). On Monday, an executive of Lafico based in Rome was arrested by Italian police and accused of involvement in terrorist activities when working at the Libyan embassy in Rome, where he was a diplomat until last year.

Recently, there were protests in the US when Fiatallis, the earth moving equipment subsidiary, put in a bid for a US government contract.

The problem of the Libyan stake in Fiat was raised in Washington at the height of the Westland affair, in which Fiat bought a stake in the British helicopter company in alliance with United Technologies. It was suggested that Fiat might run foul of US sanctions against Libya and that it might be risky to transfer US technology to Fiat.

Mr Romiti, while acknowledging these problems, said that the US reaction was excessive. "Everyone knows," he said, "that the control of Fiat is solidly in the hands of the same group linked by traditional ties of friendship and collaboration to the US." Some 31 per cent of Fiat is held by IFI.

He pointed out that Mr Gianni Agnelli, chairman of Fiat, said recently that the Libyans behaved like "Swiss bankers" inside Fiat. They did not interfere in managerial decisions.

Lafico has two directors on the board of Fiat, one of whom also sits on the board's executive committee. Libya bought into Fiat in 1976.

Car division doubles profit for year

BY KENNETH GOODING IN TURIN

FIAT AUTO, the car division of Italy's largest private enterprise group, more than doubled its profit last year and will show a further increase in 1986, Mr Vittorio Ghidella, the chief executive, said yesterday.

In 1984 Fiat Auto's net profit was L256bn ($170m). Mr Ghidella said profitability could not be expected to grow at the recent pace because the European car business was too competitive. He aimed for a stable level of profit so that Fiat Auto could cover investment requirements, which were reaching a cyclical peak.

Capital investment this year will jump to about L1,500bn from L1,000bn in 1985 and continue at the increased level in 1987.

Mr Ghidella said Fiat Auto expected to cover all its investment requirements from its own *resources*.

In answer to questions during the run up to the Turin Motor Show, he suggested Fiat Auto was ready to be floated with its own stock-exchange quotation but could give no indication when – or even if – this would happen.

Fiat had the youngest car range in Western Europe with an average age of 3.2 years. This showed the group's ability to compete. In the first quarter of 1986 Fiat was Western *Europe's new-car market leader* with a share of 13.8 per cent.

The Uno supermini, launched three years ago, was Europe's best selling car in the first quarter, beating the Volkswagen Golf. The Uno is being produced at the rate of more than 3,000 a day.

Fiat expected to sell more than 1.5m cars this year against 1.42m in 1985 and break even levels of output down to 1.2m compared with 1.85m in 1980.

Mr Ghidella said Fiat Auto was open to overtures about joint ventures or even a merger.

Hoechst to raise DM 864m

By Peter Bruce in Bonn

HOECHST, the West German chemicals group, is planning to raise DM 864m ($391m) in a 1-for-20 rights issue at the end of this month. The company whose biggest shareholder is the Kuwait Petroleum Corporation, also confirmed yesterday that it was to raise its dividend for 1985 from DM 9 to DM 10 a share.

Hoechst, which increased pre-tax profits by 10.7 per cent to DM 3.16bn last year, said the new shares could be bought between April 30 and May 16 at DM 270 a share. The group's stock has been trading around DM 300 this week. The rights issue should raise Hoechst's nominal capital by DM 160m.

The company has not made clear why it wants the new money. The group has, however, spent more than $1bn in recent months on acquisitions in the US while suffering at the same time a sharp decline in export revenues from the US as the dollar continues to fall against the German currency.

Italian merchant bank awaits change in law

BY JAMES BUXTON IN ROME

FIVE LEADING Italian banks have established what they claimed was the first of a new breed of Italian merchant bank. But the institution, called Finbancaria, will not be able to fulfil all the functions intended for it until the Italian Parliament passes a new law.

Finbancaria is a joint venture between Cariplo, the Lombardy savings bank, IMI, the state-owned investment institution, San Paolo di Torino, Monte dei Paschi di Siena, and Banca Popolare di Novara. It will have initial capital of L5bn ($332m).

The bank will provide financial services to Italian companies such as arranging stock exchange quotations, placing share issues and buying and selling shares on behalf of its customers.

But it will not be able to buy and hold shares on its own behalf in other companies. Nor will it be able to collect savings from the public. This is because a new law, which would authorise the existence of merchant banks operating on these lines, has yet to be approved by Parliament.

At present only *Mediobanca*, which is partly owned by the state and partly by the private sector, has the right to carry out this kind of operation. Finbancaria intends to match it when it is authorised to do so.

Meanwhile it will join the small but growing number of Italian institutions which offer financial services to their clients in competition with Mediobanca.

Philips predicts fall in income and sales

BY LAURA RAUN IN AMSTERDAM

PHILIPS, the Dutch electronics concern, forecast that its first-quarter income and sales would fall below that of the corresponding period a year ago, mostly due to continuing losses in its electronic components division.

Net income amounted to Fl 289m ($114m) in the first quarter of 1985, the traditionally strongest quarter of the year, while sales amounted to Fl 13.68bn. Philips told the annual shareholders' meeting in Eindhoven yesterday that first-quarter sales would decline in guilder terms due to foreign-exchange rate changes. *In volume terms, however, sales* would rise in the first quarter but more slowly than the 7 per cent rise in the corresponding period of 1985.

The cyclical downturn in electronic components, notably microchips, was a major cause of the 17 per cent tumble in Philips' earnings last year. The company has predicted that chip operations would rebound this year and approach break-even after losing money last year.

But the first quarter "confirms our expectations that any recovery in (overall) profitability will primarily manifest itself later this year," the company said.

Oerlikon-Buehrle plans to resume dividends

BY JOHN WICKS IN ZURICH

OERLIKON-BUEHRLE, the Zurich-based industrial concern, proposes to resume dividend payments this year with a payout of 5 per cent.

Oerlikon-Buehrle holding, the parent company which passed a dividend in respect of 1983 and 1984, reports an increase in its net earnings from SFr 1.3m to SFr 15.9m ($8.45m). The total profits sum is brought up to SFr 25.2m by earnings previously carried forward.

For the group as a whole, consolidated net income more than doubled from SFr 15m to SFr 37.3m despite a slight drop in turnover and further depreciation payments of SFr 25m in connection with development costs of the Adats missile system.

The decline in group sales, from SFr 4.93bn to SFr 4.86bn, had already been forecast by the company and is attributed to a fall in the turnover of the military products and aircraft divisions.

The company received a major boost last week when it was announced that *its subsidiary*, Werkzeugmaschinenfabrik Oerlikon-Buehrle, had received a SFr 1bn order from the Canadian Government.

Largest silver mine in US is shut down

BY MARY FRINGS IN DALLAS

THE Dallas-based Sunshine Mining Company this week closed the US's biggest silver mine at Kellogg, Idaho, and indefinitely laid off 50 per cent of its workforce.

The lay-offs of 420 hourly paid workers will be effective immediately while about 80 managerial staff will lose their jobs over the next few months.

Mr G. Michael Boswell, the company's chairman and chief executive, said the Sunshine Mine, which last year produced 4.7m ounces of silver (123 per cent of the US total), would not be reopened until it could be operated profitably.

The United Steel Workers Union turned down a company proposal for a 35 per cent reduction in wages and benefits, coupled with a stock ownership plan.

Sunshine, which acquired Woods Petroleum and two smaller energy companies two years ago in order to diversify its revenue base, reported a net loss of $58m last year. Payment of preferred stocks dividend increased the loss to $63m.

The silver mine contributed about $30m to the company's total operating revenues of $169m but had a negative cash flow of between $5m and $6m.

Bristol-Myers earnings and sales soar

By Our New York Correspondent

BRISTOL-MYERS, one of the leading US drug companies, swept to record sales and earnings in the first quarter of this year, helped by exceptionally strong growth in overseas turnover.

Net earnings were up 17.6 per cent to $144.6m, or $1.02 a share, against $122.9m, or 87 cents, in the same period last year. Sales rose by 10.3 per cent to $1.19bn from $1.08bn.

The results underscore the generally improved performance of the US drugs companies during the first three months of the year, when they benefited in particular from the favourable impact of a declining *dollar* on overseas sales volumes and currency exchange adjustments.

Mr Richard Gelb, chairman, said that domestic and international sales had been strong in the quarter, but the largest growth was achieved overseas, where turnover increased by 17 per cent.

Havas chief expected to resign

By Our Paris Staff

MR André Rousselet, chairman of Havas, the French state-controlled media group, is expected to resign today. His resignation is the first of a French state-sector chairman appointed by the former Socialist Government.

The resignation of Mr Rousselet, a long-time friend of President François Mitterrand, coincides with the new right-wing Government's privatisation plans for state-sector industrial, banking and insurance groups and the deregulation programme for broadcasting. Havas is among the state groups the new Government intends to privatise.

The French Government owns 50.26 per cent of the group, which has big operations in advertising, television, tourism and publishing.

Although Mr Rousselet planned to step down from Havas, he indicated he wanted to continue to head Canal Plus, the French pay television channel 25 per cent owned by Havas.

After a difficult start, Canal Plus is turning into a broadcasting success in France with nearly 1m subscribers. Canal Plus losses pushed Havas into the red in 1984 with a loss of FFr 2.5bn ($357m). But Havas is expected to report a net profit of more than FFr 100m for 1985.

Among candidates interested in acquiring a stake in Havas or some of its diverse interests is Moët Hennessy, the leading French champagne and cognac concern.

Multinational Arab bank group lifts earnings

BY PAUL BETTS IN PARIS

THE AL UBAF banking group, the multinational Arab banking group, has reported higher net earnings of $34.8m last year compared with net profits of $26.7m the year before.

The banking group's overall assets including contingent liabilities totalled $15bn last year, increasing from $13bn the year before.

The group includes seven banks in different parts of the world of which the largest is the Paris-based Union de Banques Arabes et Françaises (Ubaf), which accounts for about half of the group's total assets.

Ubaf's assets totalled FFr 60.9bn ($8.7m) last year, and net profits rose from FFr 51m in 1984 to FFr 54m last year. The group's French-based bank opened a new branch in Osaka, Japan, this month.

The banking group, which has so far concentrated on trade finance, Eurocredit syndications and export credit business, is moving into investment banking in the money management field and into the development of money market products.

Among the group's various banks, the Italian-based Ubae Arab Italian Bank is doubling its capital from L30bn ($19m) to L60bn.

Carson rejects 'sweetened' Baytree offer

CARSON Pirie Scott, the Chicago-based department store chain, has rejected a sweetened $470m takeover bid by Baytree Investors, a group of local investors.

Baytree's latest offer was pitched at $47 a share, and Carson's board has already rejected two previous bids of $35 a share and $36. It has also issued a preferred share "poison pill" that would make any takeover costly.

Mr Bernard Krakower, a Baytree principal, said the bidding group was "shocked and surprised" by Carson's decision. But Mr Peter Willmott, Carson's chairman and chief executive, told shareholders in a letter that "from what we read about the principals of Baytree, we conclude they are merely corporate pirates preparing to plunder Carson's treasures."

Lornex profit C$4m in quarter

LOWER first-quarter earnings of C$4.1m (US$2.96m) are reported by Lornex Mining, the Rio Tinto-Zinc group's Canadian copper-molybdenum producer in British Columbia. They compare with C$6.47m in the previous three months and C$5.27m in the first quarter of 1985.

The reduction reflects a 25 per cent fall in molybdenum prices, lower copper output and a higher effective tax rate. These factors offset increased molybdenum production, higher copper prices and a favourable exchange rate against the US dollar.

Suez boosted by capital operations

By Our Paris Staff

COMPAGNIE Financière de Suez, the French state-owned financial concern, yesterday reported higher net earnings of FFr 657.1m ($91.7m) for last year compared with net earnings of FFr 350.5m the year before.

The results are in line with the earnings forecast made last January by Mr Jean Peyrelevade, the Suez chairman. The higher earnings reflect a sharp increase in profits from capital operations, which rose from FFr 97.7m in 1984 to FFr 389.2m last year.

Profits from other operations rose by 6 per cent to FFr 267.9m. The profits of the Suez group as a whole are due to be released next month.

MCI earnings fall to $19.8m

BY PAUL TAYLOR IN NEW YORK

MCI COMMUNICATIONS, the Washington long-distance telephone group, reported first-quarter net earnings of $19.8m, or 8 cents a share, down sharply from net earnings of $40.4m, or 17 cents, in the year-ago quarter when earnings were buoyed by an anti-trust settlement gain partly offset by equipment writedowns.

MCI's latest net earnings were also depressed by the expected higher local access charges of long-distance customers to local telephone networks and losses in Satellite Business Systems, the satellite-based telecommunications group acquired earlier this year from IBM in exchange for MCI stock.

Excluding the effect of SBS operating results and the issuance of 47m extra MCI shares in conjunction with the SBS acquisition, the group said earnings would have increased to $25.9m, or 11 cents a share, in the latest quarter compared with $17.2m, or 7 cents, a year ago.

The group said revenues in the latest quarter had grown by 26.4 per cent to $819.4m from $570.7m in the year-ago period.

MCI noted that earnings in the year-ago period reflected the impact of a $83m anti-trust settlement with US West offset by a $50.5m provision to cover the writedown of communications equipment.

Income from operations, before taxes, interest payments and special items, increased to $51.7m in the latest period, up from $46.5m a year ago.

Mr Bert Roberts, MCI's president, said: "We are making good progress in integrating the SBS people, customers and assets into MCI. We expect the benefits of SBS will be seen in our financial results by the end of 1986."

CSX bids $650m in battle for Sea-Land

BY WILLIAM HALL IN NEW YORK

CSX, the second biggest US railroad group, has stepped into the battle for control of Sea-Land Corporation, one of the world's biggest container shipping groups, with a friendly $650m offer.

CSX, which was formed in 1980 from the merger of two big US railroads, Chessie System and Seaboard Coast Line, announced that it proposed to acquire Sea-Land for $28 a share in cash. Mr Joseph Abely, Sea-Land's chief executive, described the offer as "most welcome" and said it would be recommended to the Sea-Land board this week.

CSX's bid for control of Sea-Land, which bas a fleet of 57 container ships calling at 78 ports around the world, follows mounting speculation on Wall Street about the firm's future. It has been locked in a bitter fight for its independence with Mr Harold Simmons, a Dallas financier who has been steadily increasing his stake in the company and now owns 39.3 per cent of Sea-Land's 23.2m sbares.

Earlier this month Mr Simmons increased his offer for the remaining Sea-Land shares to $26 a share.

It was unclear wbether CSX's bid would be approved by the various US authorities which regulate the US transport industry since there bas always been concern about the effects of baving shipping companies controlled by big railroads. CSX said that although approvals would be sought from the Interstate Commerce Commission, the proposal was not subject to the approval of the commission other than approval of the satisfactory interim voting trust arrangement.

Ahead of the news Sea-Land shares rose $⅝ to $25⅞, and CSX shares were unchanged at $35⅞, whicb capitalises the company at $5.5bn.

CSX said the acquisition of Sea-Land would accomplisb several objectives and enable the group to enhance its "one-stop" shipping concept. It said the prohlems of overcapacity and compebtion in the world cootainer shipping industry were "far overwhelmed by the synergistic opportunities of the CSX-Sea-Land combination."

Sea-Land bad revenues of $1.6bn and net earnings of $14m in 1985. CSX had revenues of $7.3bn and net income of $442m last year.

Imperial Oil to halve spending

BY BERNARD SIMON IN TORONTO

IMPERIAL OIL, Canada's largest oil company, in which Exxon of the US has a 70 per cent interest, saw first-quarter earnings fall 28 per cent to C$96m (US$69m), or 59 cents a share, from C$130m, or 81 cents, a year earlier. Reveoues rose from C$1.9bn to C$2.1bo.

Mr Arden Haynes, chairman, announced a 50 per cent cut in capital spending this year to C$700m. He forecast no significant recovery in oil prices "within the next few years, and it may be several years after that." Imperial recently announced plans to cut its workforce by 12 per cent.

Mr Haynes said further expansion of the Cold Lake oilsands project in north-east Alberta would be suspended until higher oil prices return. Cold Lake was commissioned last year, with the initial four stages producing 50,000 barrels of bitumen a day. Imperial will review plans later this year for further exploration in the Beaufort Sea off Canada's northern Arctic coast.

The group also plans to reduce its refining and marketing operations, especially in Ontario.

Mr Haynes said the cuts were designed "to maintain investments that contribute to near-term earnings or preserve opportunity while deferring those that can be called forward as the environment improves."

Price war takes toll on United Airlines

By Terry Dodsworth in New York

THE price-cutting war in the US airline industry took a beavy toll in the first quarter oo United Airlines (UAL), the leading US carrier, which plunged into heavy losses despite an increase in revenues.

The net deficit for the three months amounted to $103.1m, or $2.48 a share, against a loss of $661,000, or 19 cents, in the same 1985 period. Consolidated operating revenues jumped by 23 per cent to $1.98bn from $1.59bn.

UAL's recently acquired Hertz rental car division and its Westin Hotels operations were both profitable in the quarter, but Mr Richard Ferris, chairman, said that debt taken on for the Hertz acquisition, along with the addibon of Hertz's own debt, resulted in a rise of $58.9m in consolidated interest expense.

The group was also hit by the weakening exchange rate of the dollar to the yen, which led to an unrealised foreign exchange loss of $44.8m.

In the airline division, where the loss jumped to $107m from a deficit of $3.9m in 1985, the negative impact of the fare wars was exacerbated by a 14 per cent jump in operating expenses to $1.62bn from $1.42bn. This growth in expenditure reflected expansioo on the group's Pacific routes, the development of new services out of Denver and "unusually extensive flight crew training costs."

Earnings of the Hertz rental and leasing divisioo, acquired last August, amounted to $11.8m, with the industry benefiting from increased air travel. Hotel net earnings fell to $1.8m from $2.7m, following a decline of 3.1 percentage points in room occupancy to 63.5 per cent.

Mixed results for US metals groups

BY KENNETH MARSTON IN LONDON

PHELPS DODGE and Asarco, two major US metals groups, have reported contrasting results for the first quarter of this year.

After last year's return to profitability which saw total earnings of $29.5m compared with a loss of $267.8m in 1984, the copper-producing Phelps Dodge has made a good start to 1986.

First-quarter earnings amount to $15.2m, or 44 cents a share, after including a $6.2m tax credit. They compare with $2.7m in the same period of 1985. The major factor in the better performance was the improvement in spot prices for copper cathodes, which averaged 65.1 cents per pound, 5 cents up on those of a year ago.

Asarco, a smelter and refiner has made an increased loss for the first quarter of $29.16m, or $1.22 a share, which compares with a loss of $14.1m in the first quarter of 1985.

The latest figure includes exchange losses of $12 – against gains of $9.4m last year – and also a credit of $9m from a rigbts issue of common shares together with a gain of $3.6m from the sale of part of the stake in the Wiluna gold project.

Asarco received better prices for its copper, but those for silver, lead and zinc were down, zinc falling to 31.7 cents per pound from 42.9 cents.

The company also suffered from a fall in the traditional premium on its selling prices over those on the New York commodities exchange, the latter being the basis for the company's purchases of copper-containing material for processing.

Currency exchange losses in the latest quarter reflect the holding in associated companies in Australia, Mexico and Peru which also suffered from low metal prices. Asarco holds 44 per cent of the Australian MIM Holdings. Last year MIM lifted its stake in Asarco to 32.4 per cent from 19.1 per cent by purchasing, for A$140m, the holding acquired in a presumed bid approach to Asarco by entrepreneur Mr Robert Holmes à Court.

US creditor claim settled by Galadari

BY ANGELA DIXON IN DUBAI

GALADARI BROTHERS, the Dubai-based group with wide-ranging interests, is said to have settled another of its creditors' claims.

American Express, the US financial services group, which was owed DH 24m ($6.5m) in unsecured loans, has withdrawn its cases for attachment and recovery against three Galadari companies following the settlement – on undisclosed terms – signed in the Dubai courts yesterday, lawyers for the group said.

American Express is part of a syndicate of nine banks which lent Galadari Brothers DH 250m. It had filed independent cases for its unsecured loans in Dubai when several banks, including the syndicate, decided to take action against the group.

With the latest settlement the Dubai group has settled claims worth more than DH 85m with creditor banks.

Total bank debts of Galadari Brothers are in the region of DH 900m.

North American quarterly results

A. H. ROBINS — Pharmaceuticals

First quarter	1986 $	1985 $
Revenue	191.4m	166.4m
Net profits	22.3m	30m
Net per share	0.92	1.22

AMERICAN CYANAMID — Chemicals

First quarter	1986 $	1985 $
Revenue	917.9m	882.7m
Net profits	48.1m	45.8m
Net per share	1.05	0.94

DANA — Vehicle parts

First quarter	1986 $	1985 $
Revenue	961.6m	952.6m
Net profits	34.3m	48.8m
Net per share	0.65	0.87

DART & KRAFT — Foods, consumer products

First quarter	1986 $	1985 $
Revenue	2.43bn	2.34bn
Net profits	154m	105.3m
Net per share	1.06	0.73

PITNEY BOWES — Mailing equipment

First quarter	1986 $	1985 $
Revenue	442.4m	410.8m
Net profits	37.1m	31.6m
Net per share	0.94	0.80

MARTIN MARIETTA — Defence, aerospace products

First quarter	1986 $	1985 $
Revenue	1.1bn	1bn
Net profits	46.2m	27.7m
Net per share	0.84	0.47

HUGHES TOOL — Drilling bits, oilfield services

First quarter	1986 $	1985 $
Revenue	247m	293.8m
Net profits	†20.2m	634,000
Net per share	†0.36	0.01

†Loss

PRIME COMPUTER — Data processing

First quarter	1986 $	1985 $
Revenue	196.8m	175.8m
Net profits	9.2m	12m
Net per share	0.19	0.25

RYDER SYSTEM — Transport services

First quarter	1985 $	1985 $
Revenue	882.8m	639.8m
Net profits	22.8m	20m
Net per share	0.43	0.42

SQUIBB — Pharmaceuticals

First quarter	1986 $	1985 $
Revenue	558.9m	453.1m
Net profits	53.6m	42.3m
Net per share	0.99	0.78

WASTE MANAGEMENT — Waste disposal services

First quarter	1986 $	1985 $
Revenue	432.9m	373.9m
Net profits	44.5m	36.8m
Net per share	0.43	0.37

Burroughs: a new self-confidence

By Paul Taylor in New York

INSIDE Burrough's downtown Detroit headquarters, a quiet revolution has been taking place since W. Michael Blumenthal, the former Bendix chief executiva officer and Carter administration treasury secretary, took the helm five years ago. A new self-confidence has emerged at the world's second largest mainframe computer-maker.

Burroughs, buoyed by a revamped prodnct range and an aggressive marketing strategy, is aiming to expand its market share, outgrow the industry and consolidate its position as the leading alternative supplier of large general purpose computers to International Business Machines (IBM).

As Burroughs' 66 per cent first quarter earnings decline posted last week shows, it is a tough challenge, but one which Burroughs insiders, despite lingering doubts on Wall Street, insist will be achieved. "I am confident that we are in an excellent position to rapidly win new customers and accelerate revenue growth," Mr Blumenthal says in the group's recently released annual report. "We have a full range of competitive and technologically advanced products. We are attuned to our customers and their needs in the lines of business we specialise in."

The contrast with the Burroughs of 1980, the year Mr Blumenthal was brought in as chairman, could hardly be more acute. That year profits nose-dived from a peak of $305.5m in 1979 to $82m and profit margins shrank to an anaemic 2.9 per cent as the Detroit giant reeled under a top-heavy, complacent and stuffy management, an ageing and incomplete product line and fierce competitive pressures.

In an attempt to set Burroughs back on the fast growth track, the cigar-smoking Mr Blumenthal brought in a new team of senior managers, many of them former IBM'ers including Burroughs' president, Paul G. Stern, who had also served with Rockwell International and Gillette. At the same time, he embarked upon a major corporate restructuring effort, cutting costs by reducing staff and closing inefficient plants while rejuvenating and extending Burroughs product line.

Since 1980, Burroughs has closed 25 plants including eight last year. In 1985 alone, the workforce was cut by over 7 per cent and further lay-offs announced early this year have reduced the worldwide workforce to around 60,000 from 65,300 just 15 months ago.

Under the new management team, Burroughs has stepped up research and development spending to $285.2m in 1985 and a projected $310m this year. Now the results of this effort are beginning to show through. Over the past two years Burroughs has introduced two new lines of mainframe computers, the "A" and mid-sized "V" series.

The "A" series runs from the entry level A-3 up to the A-15 — Burroughs' answer to IBM's top-of-the-line 3090—and provides the group with the widest range of compatible mainframes in the industry. Burroughs' notes proudly that from the bottom (A-3) to the top of the range (A-15), its products provide customers with a 70-fold power increase in computing power.

IN THE SHADOW OF IBM

In an effort to attract new customers which will, it is hoped, then "migrate" up the Burroughs product line, the group has also expanded its line to include the B25 series of microcomputers, made for Burroughs by Convergent Technologies under a deal negotiated four years ago, and the XE series of minicomputers. Unlike some of its competitors, Burroughs' smaller computers are not designed as stand-alone PCs. Instead, "what we are really emphasising is the capability of clustering these workstations and operating them with group's mainframes," says Mr James Page, programme manager in Burroughs' corporate programme management team.

These new product offerings have helped silence critics and customers who once complained about outmoded hardware.

Equally, they have also helped halt the erosion of Burroughs' 40,000-strong installed mainframe base. The company claims that about half the B-25s and a third of the A-3s sold last year were purchased by new customers.

At the same time, in order to hold and expand the group's customer base, Burroughs is gearing up applications software development, spending both in-house and by turning to outside developers. Last year, software development spending grew by 10 per cent to $75m. Among outside suppliers, Burroughs has signed a deal with Management Science America, a big Atlanta software house, to rewrite software packages to run on its machines.

This extra effort to develop applications software is designed to address one of the main complaints voiced by Burroughs' and other non-IBM mainframe customers, for while Burroughs wins high praise from users for its operating systems, software customers have complained bitterly in the past about the relative lack of industry-specific software.

Going outside the company for software and other help represents a big chance for Burroughs. "Five years ago Burroughs relied almost entirely on itself," says Mr Page. "The change is symptomatic of the more pragmatic, market-orientated approach that Mr Blumenthal's Burroughs has adopted.

In order to provide "greater responsiveness to market requirements," Burroughs has combined its product development and marketing organisations while rapidly expanding its sales force. Last year the sales force grew by around 15 per cent and a similar increase is slated for this year. The group's sales training budget has jumped from under $1m in 1981 to $67m last year.

Burroughs has set up special targeted sales units to find customers for its new products and these days stresses "co-existence" with IBM rather than outright across-the-board competition. Thus, while Burroughs mainframe machines are not IBM-compatible, the Burroughs network architecture allows users to tie into IBM systems, a recognition of the realities of an IBM dominated world.

Burroughs' more focused marketing strategy is geared to exploiting what Mr Page calls "multiple vertical markets" — markets like finance and banking, government, manufacturing, health care, education, and the distribution sector. While accepting that most of its competitors are also targeting these markets, Mr Page insists Burroughs' expertise, product range and reputation for building reliable, relatively simple and cheap-to-maintain machines gives the company an edge.

KEY FIGURES

$m

	1986 (1st qtr)	1985 (1st qtr)	1985	1984	1983	1982	1981
Revenues	1,140	1,178	5,040	4,810	4,390	4,190	3,418
Net profit	16	46.6	248.2	244.9	196.9	117.6	148.9

The Detroit group, which still derives about 35 per cent of its $5bn in revenues and 45 per cent of its profits from mainframe computer sales, believes this new strategy will help it break away from the rest of the US "Bunch" mainframe computer makers.

On Wall Street the jury is still out. But the company gets good marks for effort. "Burroughs appears determined to play across the board," says Mr Ulric Weil of Weil and Associates, a Washington-based high technology consulting group, adding "they are well managed."

"Investors seem to be gaining confidence that the long struggle to improve profitability at Burroughs is over and that margins should rise substantially in the years ahead, producing a more rapid rate of growth than some of Burroughs' competitors would be capable of," said Mr Stephen Dube of Shearson Lehman Brothers, the Wall Street securities firm, in a recent report.

But Burroughs still faces several major problems. Profits have returned to around the $250m-a-year level. But like most of the other non-IBM mainframe machine makers, Burroughs has been hit by the industry-wide slowdown. First quarter net earnings fell to $16m from $46.6m in the year-ago period on sales which slipped to $1.14bn from $1.17bn.

Mr Blumenthal blamed the reversal on "short term earnings" pressure in its government business and restructuring costs together with the continued losses of its IBM plug-compatible disk business. Indeed losses at the group's Memorex disk-drive subsidiary have been a key factor holding Burroughs' earnings rebound in check.

Burroughs insists technical problems at Memorex with a new generation of high-capacity memory storage devices or mainframes have now been resolved and that the loss-making unit, acquired in 1981 for $117m, will return to profit later this year.

Even then, Burroughs' growth targets, which include a 15 per cent annual increase in sales, look ambitious. Burroughs' need to grow and grow fast was generally seen as one reason why the company tried to merge with Sperry, one of its competitors, last year. Although Sperry rebuffed the $3.74bn merger proposal, Mr Dube of Shearson Lehman noted recently that "investors are left with the question of whether the effort was meant to leverage Burroughs' competitive position or to buttress a possible weakness."

Burroughs's executives brush aside such concerns, but there is little doubt that the company is still on the acquisition trail. In the meantime, some Wall Street industry watchers believe the group may be forced to scale down some of its more ambitious targets.

Indeed last month, Mr Blumenthal himself warned that the company expected a substantial drop in first quarter net earnings because of the continued softness of the US market. Nevertheless, he said, 1986 full year profits should still come out ahead.

It may take a little longer than Mr Blumenthal would have liked before Burroughs' earnings return to their 1979 peak, but in Detroit at least there is little doubt that Burroughs will make it.

"With the introduction of the A-15 we proved that we can play ball with anybody in this business," says Mr Page, "particularly with IBM, but also with foreign competitors and our other American competitors." Confidence in Detroit is high.

This is the second in a series of articles. The first appeared on yesterday's leader page.

North sells uranium stake to Pioneer

By Our Sydney Correspondent

NORTH BROKEN Hill Holdings has sold its 31 per cent stake in Energy Resources of Australia, the uranium group, to Pioneer Concrete Services for A$229m (US$166m), completing the first and biggest step in its A$450m asset sale programme.

The plan for the sale of North's investment interests emerged early this yeer, when the company was uoder assault from Industrial Equity Ltd., which proposed a parcel takeover to be followed by complete liquidation of North.

The group's 12 per cent stake in Alcoa of Austrelia and its holdings in Beach Petroleum and Hardboards Australia are also believed to be on North's sell list. The programme is aimed at reducing group borrowing and focusing on North's wbolly-owned and operated interests as an integrated silver-lead-zinc prodncer and as Australia's leading producer of fine papers.

Pioneer is alreedy involved in the uranium industry through its controlling stake in the Nabarlek mine project.

Its purchase of the ERA shares requires approval by other shareholders.

ERA is one-third owned by Peko-Wallsend, the mining group, with uranium customers and the investment public holding the remainder.

Meanwhile, Industrial Equity is believed to be close to selling its residual holding in North. IEL last month disposed of a 15 per cent stake through RADA Corporation, the New Zealend group.

BHP bid back in the melting pot

BY LACHLAN DRUMMOND IN SYDNEY

THE FUTURE of Broken Hill proprietary, the Australian energy, mining and steel group, was thrown back into the melting pot yesterday when Mr Robert Holmes à Court's Bell Resources decided not to go ahead with a takeover bid in its present form.

Bell is expected to return shortly with a revised version of its A$7.70 a share partial offer which was blocked by the courts.

Meanwhile Adelaide Steamship Group, which had at one stage allied itself with Bell in stalking BHP, now appears free to move to a 20 per cent stake in BHP should it so wish. Elders IXL owns 18.5 per cent and Bell Group almost 19 per cent.

BHP yesterday won a High Court injunction preventing the National Companies and Securities Commission from proceeding with its public inquiry into the cross shareholdings between BHP and Elders.

The NCSC did, however, go ahead with preliminary moves in close session.

The prospect of a greater role for Adsteam arises from a decision by the NCSC to break the deemed association between Bell and Adsteam. Until yesterday's move, Adsteam was ruled to have an interest in all of the shares held by the Bell Group. The finding of association rested on an agreement whereby Adsteam was to deliver 85m BHP shares to Bell later this year.

The joint entitlement of Bell and Adsteam came to almost 19 per cent, restricting Adsteam from buying more than a further 1 per cent without crossing the 20 per cent threshold which triggers a public bid.

Adsteam now owns nearly 1m BHP shares, or 4.9 per cent, and could now buy another 15 per cent of BHP from where it could launch its own play for control or determine success of any offers from Bell.

In announcing its intention not to go ahead yesterday, Bell said the bid might proceed in modified form, provided appropriate modifications could be won from the NCSC and depending on the final outcome of BHP's actions against the offer in the Supreme Court. These were adjourned yesterday while Bell's counsel sought advice.

The decision not to proceed followed the court's granting of an injunction to BHP on Monday restraining the despatch of the offer. It represents a replay of events surrounding Bell's initial offer, registered on February 17 and annulled by Bell on March 24 after it bad been the subject of almost identical court actions from BHP.

Having drawn BHP's fire with its earlier bid, Bell's latest offer documents contain fewer points of objection and the latest offer is now expected to be refined further. The key area of contention has been Bell's inclusion of a maximum acceptance condition equivalent to 26 per cent of non-Bell shares, despite being formally pitched at 50 per cent of each shareholding.

R120m rights issue at Bankorp

BY JIM JONES IN JOHANNESBURG

BANKORP (Bank Holding Corporation of South Africa) is to raise R120m ($60m) by means of a rights issue of ordinary, preference and redeemable shares, largely to refinance Mercabank, its troubled, wholly-owned merchant and investment banking arm.

The capital restructuring is the second needed since the start of this year by a major South African banking group. In February, Nedbank, the country's third largest bank, announced a R345m restructuring to bolster a severely eroded capital base and to provide the additional capital required to comply with stricter bank capital adequacy requirements which are being introduced.

Benkcorp, South Africa's fifth largest banking group, is the banking arm of Sanlam, the country's second largest insurance group, which holds about two-thirds of Bankorp's shares. In turn, Bankorp's principal subsidiary is Trust Bank, South Africa's fifth largest commercial bank. Bankorp's board has assured shareholders that Trust Bank and two other banking subsidiaries, Santambank and Central Merchant Bank (Senbank) "are at present adequately capitalised."

However, like Nedbank, the Bankorp group does not report fully, preferring to take advantage of provisions of the Banks Act which permit disclosure of profits after tax and transfers to and from hidden reserves. As a result, investors have marked the price of Trust Bank's shares sharply lower in recent days.

Mr Rob Wood, Bankorp's senior general manager, says that most of the R120m rights issue will be used to refinance Mercabank's property and industrial interests. They have been suffering from negative cash flows as a result of high interest rates which, in turn, led Mercabank to disclose a loss of R1m in the year to end-June 1985. In January this year Ewing McDonald, Bankorp's recently-acquired, wholly-owned shipping and confirming subsidiary, declared a moratorium on repayment of debts totalling R90m owed to other banks after Bankorp had declined to guarantee the total debt.

At the end of its last financial year (June 1985) Bankorp disclosed total shareholders' funds of R345.5m and total assets of R13.61bn. It showed a consolidated, after-tax profit of R61m for the year. Mercabank disclosed shareholders' funds of R18m and total assets of R552m.

Tham faces 20 more charges on Pan-Electric

By Chris Sherwell in Singapore

THE SINGAPORE authorities, pursuing their investigations into last November's collapse of Pan-Electric Industries and the country's associated stockbroking crisis, yesterday added another 20 criminal charges to the five already standing against Mr Peter Tham, the 37-year-old businessman who was arrested last week.

Mr Tham is the third person to face conviction over the affair. Mr Tan Koon Swan, the Malaysian entrepreneur and politician, is due to go on trial on 15 counts next month. A third businessman, Mr Tan Kok Liang, was jailed for 15 months in February.

Mr Tham looked tired and drawn when he appeared in the Singapore subordinate court yesterday, and his lawyer said he had faced nine straight days of questioning for some 10 hours a day.

The judge reserved his decision on a prosecution request to detain Mr Tham for three more days of interrogation. Following a defence plea that Mr Tham be allowed to rest, a prison doctor will examine him and a further court appearance is scheduled for tomorrow.

The 20 new charges are similar to the five lodged one week ago, and the penalties range up to life imprisonment. Fifteen of the new charges accuse Mr Tham of forging share certificates in 1979, one accuses him of criminal breach of trust in 1984 and four allege that he abetted such breaches by Mr Tan Kok Liang in the same year.

Mr Tham was a director of Pan-Electric Industries, chairman of Growth Industrial Holdings, which had a 31.6 per cent stake in Pan-Electric, and managing director of Associated Asian Securifies, a local broking firm. None of the three concerns is still in business.

Honda Motor hit by dearer yen

BY YOKO SHIBATA IN TOKYO

HONDA MOTOR scored a record consolidated net profit of Y146.5bn ($861m), an increase of 14 per cent, in the year ended February 1986. Consolidated net profits per American or European share, each representing 10 shares of Honda common stock for fiscal 1986, amounted to Y1,491, an increase of Y104 over the previous year.

The increase in net profits for the year was attributed to higher sales and continued improvement in financial items resulting from reduced interest expenses and higher interest income.

However, the company was shaken badly by the yen's appreciation in the December 1985-February 1986 quarter, resulting in a 20 per cent fall in net profits from the previous quarter. This was the first quarterly profit drop in four years.

Consolidated turnover came to Y2,909.6bn, up 9.7 per cent from Y2,652.2bn in the previous year. Of the total turnover, Y845bn or 29 per cent came from the Japanese market and the remaining Y2,064bn from overseas sales.

During last year, the company sold 3.08m motorcycles, up 4.2 per cent, although sales by value fell 2.4 per cent to Y413bn. The marketing of new models, and increased exports to North America and China, led to higher unit sales.

Smooth growth of domestic car sales was attributed to the launch of new models and to improvements in domestic sales networks. Car sales by value amounted to Y1,84bn, an increase of 13.7 per cent over last year.

The consolidated results reflected the parent company's pre-tax profits of Y78.11bn (up 19 per cent) with net profits of Y45.23bn (up 38 per cent) on sales of Y2,245.7bn (up 16 per cent). On an unconsolidated basis, Honda lost some Y14bn from the yen's steep appreciation.

For the current business year ending February 1987, Honda expects smooth automobile sales both at home and abroad. Thanks to the growing popularity of up-market cars with high added value, Honda's unconsolidated full year sales are expected to increase by 9 per cent at Y2,450bn.

Paragon wins Kalgoorlie Gold control

By Our Mining Editor

PARAGON RESOURCES, formed out of the reconstruction of Eeltrust Holdings, has finally won control of Central Kalgoorlie Gold Mines. Directors of the latter still consider the Paragon bid of 40 cents per share to be too low, but have accepted in order to avoid control of the company being split between Paragon and its rival, Temples.

Central Kalgoorlie's interests include promising gold prospects in the Kalgoorlie area of Western Australia. The company is involved in two joint venture gold prospects with US majors, Homestaka and Newmont.

* * *

Australia's Dominion Mining and Oil is to make a A$9m (£4.4m or US$6.5m) renounceable rights issue to finance its ongoing gold ventures in Australie and the Pacific Rim. The new shares will be offered at 50 cents on a one-for-three basis. The directors and major shareholders are to take up 40 per cent of the issue and the remainder is being underwritten by brokers Ord Minnett.

* * *

Malaysie's tin-producing Tronoh Mines reports a fall in 1985 net profit to 2.92m ringgit (£760,000 or US$1m), or 23 cents per sbare, from 5.46m ringgit. A final dividend of 20 cents makes a total for the past year of 45 cents, against 64 cents. The latest results have been adversely affected by the need to reduce the end-year value of the stock of tin in concentrates to allow for the heavy fall in the metal price.

Morgan beats Korean retreat

BY STEVEN BUTLER IN SEOUL

MORGAN GUARANTY TRUST yesterday announced a decision to close its Seoul branch office and to withdraw some local currency commercial banking in Korea.

Mr Robert Brose, vice president and general manager in Seoul, said the move reflected Morgan's global shift away from traditional commercial banking and towards investment and merchant banking activities. Morgan plans to open a representative office in Seoul and says it will continue its involvement in arranging external financing for government and corporate clients in Korea, which it expects to be in the form of capital market instruments.

The decision, which came as a surprise, marks the first withdrawal of a major bank from the local Korean market and inevitably raises questions about foreign access to the market, about which bankers have complained.

Foreign bankers beve been frustrated by their inability to increase their access to local currency.

Mr Brose said that Morgan's decision to withdraw was "absolntely not" related to current or future prospects for local banking. He seid that Morgan enjoyed a profitable commercial banking operation in *Seoul*

Most of Morgan's staff will be absorbed by Westpac, the Australian benking group, which recently opened a branch office in Seoul. Morgan will also be selling a portion of its approximately $225m of assets to Westpec.

Morgan said it would take about six months to wind down its ontstanding loans.

Tokyo's growth, and Peking's caution, may weaken the Colony as a capital market

Hong Kong's pre-eminence under threat

AFTER 15 months of spectacular growth, Hong Kong's domestic capital market is about to come of age — at least, it is about to spawn its own capital markets association.

The new association is likely to include over 40 of the most active participants in a market that has soared from HK$260m and three certificates of deposit (CD) issues in 1984 to HK$7.2bn (US$925m) and 42 issues last year. In the first three months of this year, a further 23 issues raised HK$3bn.

There are nevertheless clear signals that similar meteoric growth in future is unlikely, because of a combination of structural, institutional and political restraints on the domestic market — unless, that is, Peking decides that Hong Kong is to become its own principal capital-raising centre.

Hong Kong has been the home of sophisticated capital market operations for over a decade. Indeed, its claim to be the world's fourth largest banking centre is partly based on the massive community of international bankers who use the free-wheeling territory as the booking centre for sovereign and corporate lending throughout the Asian region.

As syndicated lending to sovereign borrowers has been supplanted by securitised forms of lending to governments and major corporations in the region, so Hong Kong has retained its pre-eminence.

Whether it retains this pre-eminence in future is a moot point, given the recent liberalisation of Japan's financial markets. The recent transfer to Japan of the Asian headquarters office of Citibank's investment banking division is symptomatic of a trend which some see as ominous for Hong Kong.

Just as questions over international capital market operations have begun to be asked, so the domestic or Hong Kong dollar-denominated capital market has sprung from nowhere.

Out of the 42 CD's issued in 1985, 39 came from banks. Most of these were intended to fund local operations which in the past required US dollars to be imported.

Among the local corporate forces, market growth is almost entirely due to two companies —the Mass Transit Railway Corporation (MTRC) and Hongkong Land.

The MTRC boasts the dubious honour of being Hong Kong's most heavily indebted company. Construction of Hong Kong's HK$24bn underground railway system has left it with borrowings amounting to about HK$16.5bn. The simple scale of its borrowings needs has forced it to be an innovator in the local capital market — both in seeking cheaper and more flexible sources of funds, and in mounting swaps to meet its substantial Hong Kong dollar liabilities.

Hongkong Land came close to failure in the wake of the territory's property market collapse in 1982. With debts that at one stage looked as if they were soaring towards HK$22bn, it was being strangled by heavy floating-rate indebtedness at a time when local interest rates were soaring towards 20 per cent. Its urgent drive to exchange floating-rate exposure for fixed-rate loans—again in Hong Kong dollars—made it an innovator in swaps late in 1984.

With the debts of these two companies now in decline, so they are likely to provide less momentum to the local market. Utilities like the Kowloon Canton Railway and Hongkong Electric have tapped the market, but their emergence has simply served to highlight the paucity of major corporations in Hong Kong that have the sort of credit rating that would allow them to use the market.

"Hong Kong remains a blue-chip market," said Mr Patrick Thomas, who heads the capital market operations of Manufacturers Hanover in Hong Kong. "There are more negative effects from bringing second-tier names to the market than there are from having too few." Certainly by comparison with major manufacturing economies like Japan, the US or any number of European countries, few Hong Kong companies have either the need or the reputation to tap the capital markets significantly.

Jardine Matheson is to increase its proposed issue of preference shares to a maximum US$150m from US$125m, as a result of strong demand. The issue, which is being sold through Euromarket channels, has still to be given the price at which the preference shares will be convertible into ordinary shares in Hongkong Land. This is expected to be around 7 to 8 per cent above the Land share price on the day.

There are a number of other major restraints on the likely growth of the market. The absence of any clearing house, the imposition of strict prospectus requirements, and minimum denominations of HK$500,000 for deposits at market rates of interest are factors that have seriously impeded growth.

The commitment of the Hong Kong Government to balanced budgets also means that it cannot take a lead in nurturing a local bond market. This position is unlikely to change until China regains sovereignty of the territory in 1997, since Peking has long been suspicious that Britain might depart in 1997 leaving the cupboards bare, and the new government encumbered with debt.

Proposals by the World Bank to tap the local capital market have also been shunned, despite the fact that these would add greatly to the scale of the local market. This is largely due to fears that internationalisation of the Hong Kong dollar would add a potentially dangerous new source of currency volatility.

Many bankers are thus convinced that any future meteoric growth is likely to come from mainland China. According to Mr Poul Giles of Banque Nationale de Paris: "China could transform Hong Kong from a small local market into a medium to large international market if it decides to use the territory as its multi-currency capital market.

"China has the muscle in Hong Kong. It understands the rules here, and even knows how to bend them. The legal system seems acceptable both to China and the international banks who would work with it," he added.

So far China has been a cautious borrower in the international capital markets, but a combination of growing confidence, and mounting need could change this. In 1985, it raised US$2.1bn in syndicated loans, compared with a total for the previous five years of just US$5bn.

There are signs that a number of Chinese financial institutions like the China International Trust and Investment Corporation (CITIC) may become active participants not just in Hong Kong, but in Tokyo and Europe.

Similarly, bankers suggest that major regional corporations like Suntory in Japan (which recently floated a trial balloon in the Euromarket), or Pt Astra in Indonesia might find greater success raising capital in Hong Kong, where their names are well known, than in Europe or the US.

No regional corporation has yet tried to tap the local market, and it is unclear how Hong Kong's banking authorities would view such a move, but there is no doubt that the potential exists. Whether Hong Kong fulfils this potential probably depends less on a fledgling capital markets association than it does on the views of government and banking officials in Hong Kong and Peking—but to say as much, as the association is about to be created, is probably unkind.

David Dodwell

Bankers welcome second day of issuing restraint

BY CLARE PEARSON

BANKERS crossed their fingers yesterday and hoped that the spirit of restraint in new issuing activity, indicated by a second quiet day in the Eurobond market, would prevail. The steep decline in the value of the dollar on the foreign exchanges at the beginning of this week has also helped to limit demand for dollar Eurobonds.

Dealers say trading prices of recent issues now, more than ever, reflect degrees of support by lead-managers, although investors are still showing a strong preference for state-backed names.

Banque Francaise du Commerce Exterieur's 7½ per cent seven-year bond, launched on Monday, was quoted by the lead-manager at a discount within the fees. The recent floating-rate note issue for BBL International was trading near its issue price, and bankers feel there is still strong potential demand for issues by high-quality borrowers in the floating-rate sector.

There are, however, ways of issuing BBB-rated corporate debt into this market and Banque Paribas Capital Markets ventured to launch a puttable, but non-callable, deal for Chrysler. The $100m five-year bond was priced to give a yield to first put in two years' time of 122 basis points over two-year Treasury bonds. There are investors' put options in the second year at 99¼, in the third year at 99½, and in the fourth year st 99¾. Issue price is par.

A $60m equity warrants bond was issued for Sekisui Chemical. The bond matures in 1991 and carries an indicated coupon of 3¼ per cent. Yamaichi International (Europe) led the deal. Final pricing will take place on April 28.

Two equity warrant bonds for Japanese borrowers were priced. The coupon on the $15m deal for Kyowa Bussan Kaisha was set at 3¼ per cent, and that on the $50m deal for Fuso Pharmaceutical at the same level. Both were reduced from an indicated 3¾ per cent.

A $100m five-year equity warrants deal was launched for Sumitomo Realty and Development. Lead-managers Daiwa Europe said the indicated coupon was 3 per cent and the expected warrant premium the standard 2½ per cent. Pricing will be on April 29.

Traders say sterling Eurobonds are drifting in the aftermath of the fully-discounted base rate cuts. Baring Brothers launched a £50m seven-year non-callable bond for Australia and New Zealand Banking Group (ANZ). The bond pays coupons of 9¾ per cent and the issue price is 99¾. Taking in full fees, the yield margin at issue was 80 basis points over comparable gilts. The issue traded comfortably within the fees.

A C$150m issue was launched for Canadian National Railways late in the afternoon. Lead-manager was Orion Royal Bank. The 15-year bond pays coupons of 8¾ per cent and the issue price was 100¾.

The Ecu sector, although suffering from oversupply, displays a firm underlying tone, with investors still looking for lower interest rates in Europe. Societe Generale issued a 10-year Ecu 200m nominal zero-coupon bond for Mortgage Bank of Denmark. The issue price is 54.9 to give a yield at full fees of 6.45 per cent. The issue should benefit from its lack of a call feature. This feature has limited the demand for other zero-coupon bonds recently.

In the D-Mark sector, prices were slightly lower in low turnover. Uncertainty over prospects for a cut in the discount rate in West Germany clouds the market.

Deutsche Bank brought a DM 300m 10-year 5¾ per cent issue for Dow Chemical. The issue is callable from 1993. The lead-manager reported the bond trading comfortably within fees.

Dresdner Bank and Morgan Stanley issued DM 300m Series B German State Securities secured by schuldscheine from Schleswig-Holstein. The maturity date is in 1996 and the coupon fixed at 5¾ per cent. The issue price is part-payable as to 10 per cent in May.

Two issues surfaced in the Swiss franc sector. Soditic launched a SFr 75-100m 10-year deal for First City Trust. The indicated coupon is 6 per cent. There is a call option from 1991, initially at 102½ per cent. Handelsbank launched a SFr 100m deal for Reynolds Metal, the second largest aluminium producer in the US. The coupon was 5¾ per cent and the issue price 100½.

Daiwa Europe launched a Y10bn seven-year bond with a coupon of 5¾ per cent for Postipankki.

A Luxembourg franc private placement was arranged by Banque Paribas (Luxembourg) for Christiania Bank of Norway. The coupon is 7½ per cent. The issue amount is Lux Fr 300m.

International placing by Dutch industrial group

BY ALEXANDER NICOLL

HUNTER DOUGLAS, a Dutch-based industrial group, is making an international placing of 2.64m shares, 21 per cent of its equity, currently held by Alcan Aluminium. The shares are worth Fl 161m ($65m).

The offering is being handled by Swiss Bank Corporation International through the geographically-segmented syndication method which it has employed for several previous issues. Pierson Heldring & Pierson is co-lead manager with Cazenove as the UK broker.

Hunter Douglas makes window coverings, such as venetian blinds, as well as other building products. It trades and processes aluminium and makes precision machinery. In 1985, it had net profits of $28.2m on sales of $518.6m, and the company is forecasting higher earnings for 1986.

Over 40 per cent of the company's sales are in the US, but Mr Ralph Sonnenberg, its president, said yesterday that Hunter Douglas had no plans to seek a US listing because it did not want to fulfil all the disclosure requirements that this would entail. The company is listed in Amsterdam.

Australian central bank to tighten regulations

BY EMILIA TAGAZA IN CANBERRA

THE RESERVE BANK of Australia is tightening its control over domestic banks whose overseas businesses are rapidly growing and whose exposure to the risks arising from new financing techniques is increasing.

The Reserve Bank announced yesterday plans to involve banks' external auditors in the supervisory process, arguing that its present system of prudential supervision has become inadequate.

"At present the Reserve Bank cannot say from its own enquiries that the data provided by banks are reliable, that the management systems to control risks are being followed, or that the requirements for prudential operations set out by the Reserve Bank are being observed," it said.

The big Australian trading banks (commercial banks) are increasingly turning to off-balance sheet transactions in order to defend their market positions from the 16 foreign commercial banks which have been allowed to open in Australia since last year. Their foreign assets have also doubled in the last two years.

Olympia & York offers $548m deal

By Our Euromarkets Staff

SALOMON Brothers yesterday launched a $548m two-part Eurobond issue secured on a Manhattan building for Olympia & York Developments, the Canadian real estate group. The issuing vehicle is Olympia & York Water Street Finance Corporation.

The deal is the largest of its kind to be secured solely on one building. Salomon was involved in two such deals last year. One of those was also for Olympia & York. So far, no issuer has ventured into the US domestic market with such an issue, which as a new type of deal would receive the time-consuming scrutiny of the Securities and Exchange Commission.

The debt is secured on the building and tenant leases of 55 Water Street, New York City. The 3.5m sq ft building is one of the largest office blocks in the US. Tenants include Chemical Bank and several US investment banks.

A diminishing stream of payments from a surety bond of Aetna Casualty gives additional backing. Taking the building and the bond together, Standard & Poor's have given the non-recourse deal an AA rating.

The financing comprises a $435m 8½ per cent 10-year bond, and a zero-coupon bond of the same maturity, raising $50m with a face amount of $113.25m. The issue with coupon is priced at 100½ with fees of 2 per cent. It is callable at the borrower's option after the seventh year at 101.5, and then at premiums declining by ½ per cent per annum.

The zero-coupon bond gives an implied yield at a 45.5 issue price of 8.193 per cent. (Fees on this tranche total 1.35 per cent.) There is a call feature after year eight at an effective price of 88 per cent.

Salomon Brothers said that the bond met with good demand and quoted a bid price of 98½ on the coupon bond, and 45½ on the zero-coupon bond.

Japanese net sellers of foreign bonds

By Yoko Shibata in Tokyo

JAPANESE INVESTORS sold $1.5bn worth more foreign bonds in the first half of April than they bought and, with long-term interest rates in the US falling rapidly, they are likely to have been net sellers during April as a whole, according to the Japan Bond Research Institute. If the forecast is correct, this would be the first month for exactly five years that Japanese investors have not been net buyers of foreign bonds.

In addition to the overall shift in sentiment away from US dollar bonds, investors have been diversifying into US equities, foreign currency deposits and into bonds denominated in European currencies.

As from this month, Japanese life insurance companies have been permitted by the Ministry of Finance to double the volume of securities. Thus far, they appear to have concentrated their attention on overseas equity markets to absorb the greatest part of this added volume of available funds.

NZ Government stock oversubscribed

OVERSEAS INVESTORS have created an unprecedented demand for New Zealand government stock with bids totalling NZ$507bn (US$290bn) made for a NZ$500m stock tender last Friday. Dai Hayward reports from Wellington.

The tender brought the first real indication that New Zealand's extremely high interest rates are beginning to ease. It was the first of three—each of NZ$500m—to be offered by the Government.

Two banks, the ANZ and the National, have reduced interest rates by half a percentage point to 22½ per cent.

Government stock maturing in 1991 sold in the secondary market last Friday at 17.8 per cent compared with 19.31 per cent on the previous Monday.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.
Closing prices on April 22

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco Co. 9⅝ 16	200	102½	102⅞	−0½	−0⅛	9.48
Atlan. Richfield 10⅛ 00	250	108⅞	109⅜	−0½	−0⅛	9.07
Australia Com. 11 95	200	119⅞	120⅜	−0½	+0¼	7.82
Australia Com. 11⅛ 00	100	121⅝	122⅛	−0⅛	−0⅞	9.63
BP Capital 9¼ 94	100	104¾	105¼	+0⅛	+0⅛	8.24
BP Capital 11½ 92	150	111⅜	111⅞	−0⅛	−0⅛	8.47
Campbell Soup 10½ 95	100	114⅜	114⅞	−0⅛	−0⅛	8.12
Canada 9 96	1000	109⅞	110⅜	+1	+1	7.51
Canada 11½ 90	500	114	114½	+0⅛	+0½	7.21
Canadian Pac. 10⅛ 93	100	111⅜	111⅞	—	+0⅛	8.51
CEPME 10¼ 91	100	109⅝	110⅛	−0½	+0⅛	7.83
Citicorp 10 88	200	105	105½	−0⅛	+0⅛	7.47
Citicorp 10⅝ 95	200	107⅛	107⅝	−0⅞	+0⅞	9.38
Credit Lyonnais 9 91	200	105½	106⅛	−0⅛	+0½	7.90
Credit National 9¼ 93	150	106½	107½	−0½	+0⅛	7.78
Denmark Kgdm. 11⅛ 89	100	109⅝	110	−0⅛	+0⅛	7.56
Denmark Kgdm. 11½ 90	100	112⅝	113⅛	−0⅛	+0⅛	7.69
Denmark Kgdm. 11½ 92	100	116⅞	116⅝	−0⅛	+0½	7.92
EDC 8½ 92	100	104⅛	104⅝	−0⅛	+0⅛	7.49
EOF 10 95	225	110⅛	110⅝	0	+0½	8.32
EEC 8⅝ 91	150	105⅝	106	+0⅛	+0⅝	7.18
EEC 9⅝ 90	350	106	106½	−0½	−0⅛	7.82
EIB 10⅛ 94	200	112⅛	112⅝	+0⅛	+0⅛	8.18
EIB 12 95	200	125	125½	−0½	+0⅛	7.87
Eli Lilly 10⅛ 92	150	113⅛	113⅝	0	+0⅛	7.53
Equit. Ltd. Rlty. 10⅛ 97	100	110½	111	0	+0⅛	8.96
Export Dev. Cpn. 10 90	100	109⅛	109⅝	−0⅛	+0½	7.25
Fed. Dep. Strs. 10⅛ 95	100	112⅝	112⅞	−0⅞	+0⅛	8.12
Ford Motor Crd. 10⅛ 91	190	109⅝	110⅛	—	+0⅛	8.15
Ford Motor Crd. 11⅛ 90	100	110⅛	110⅝	—	+0⅛	8.05
Gen. El. Cred. 10⅝ 00	200	107⅝	108	+0⅛	+0½	9.23
GMAC 10¾ 89	200	107⅝	108⅛	−0⅛	+0½	7.32
GMAC 10⅛ 92	250	109⅝	109⅞	−0⅞	+0⅞	8.26
IADB 9⅞ 95	200	112⅞	113⅛	−0⅛	+0⅞	7.89
IADB 10⅛ 95	150	116⅝	116⅞	+0⅞	+0⅞	7.92
Kellogg Co. 10⅞ 90	100	108⅝	108⅞	−0⅛	+0⅛	8.09
Kellogg Co. 11⅛ 92	100	112⅝	112⅞	−0⅛	+0⅞	8.37
Nippon Cr. Bk. 10⅝ 95	150	114⅞	115⅜	−0⅞	−1	8.27
Pillsbury Co. 10⅝ 99	100	108⅛	108⅝	−0⅞	+0⅛	8.84
Proct & G. 'A' 9⅞ 92	150	106⅝	107	−0⅞	+0⅛	8.48
Pru Realty 0. 12⅛ 95	546	118⅛	118⅝	−0⅛	+0⅛	8.96
Qantas Airways 10⅛ 95	140	115½	116	−0⅛	+0⅛	7.90
Queensld. Gvt. 10⅝ 95	100	114	114½	−0⅛	+0⅛	8.01
Ralston Purina 11⅛ 95	190	117⅝	118⅛	−1⅛	−0⅛	8.80
Saab Scania 9½ 91	125	105⅝	106⅛	−0⅛	+0⅞	7.91
Saskatchewan 10⅝ 92	100	113⅝	114⅛	+0⅛	+0⅛	7.70
Scandinavia Air 10⅝ 95	150	113⅛	113⅞	−0⅛	+0⅛	8.03
State Bk. S. Au. 9⅝ 93	100	100	100½	−0⅛	0	8.01
Statoil 10 90	170	108⅝	109⅛	+0⅛	+0⅛	7.90
S. Wales Trsy. 11⅛ 90	150	113⅜	113⅞	+0⅛	+0⅛	7.70
Swed. Exp. Cred. 10 92	100	111½	112	+0⅛	+0⅛	7.52
Sweden 8¼ 95	200	107⅛	108	—	+0¼	7.61
Sweden 10⅝ 92	250	112⅝	113⅛	−0½	+0⅛	7.84
Sweden Kgdm. 10⅝ 90	200	111⅝	112⅛	+0⅛	+0⅞	7.38
Sweden Kgdm. 11⅝ 94	100	117⅛	117⅝	−0⅞	+0⅛	8.76
Tenneco Cpn. 10⅝ 95	150	109⅛	109½	−0⅞	+0⅛	9.18
Utd Tech. Fin. 10⅛ 95	100	112½	113	−0⅛	+0⅛	8.57
Victorian Rep. 11⅝ 92	190	116	116½	−0⅛	+0⅛	8.12
World Bank 9⅛ 2016	300	111⅜	111⅞	−0⅛	0	9.20
World Bank 9⅝ 2016	300	113⅜	113⅞	−0½	−0½	9.47
World Bank 10⅛ 95	300	116½	117	+0⅛	+[illegible]	7.53

Average price changes... On day −0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	109⅝	110⅛	−0⅛	+0⅛	6.41
Austrian Elec 6⅞ 95	150	102⅛	103⅛	−0⅛	+0⅛	6.09
Copenhagen 7⅝ 95	150	104⅝	105⅝	0	+0⅛	6.80
Dow Chemical 6⅝ 95	300	100	100½	0	+1⅞	6.99
EIB 6⅞ 95	300	107⅛	107⅞	−0⅛	+0⅛	5.81
EIB 7⅛ 94	300	106⅝	107⅛	0	+0⅛	6.22
Emhart Cpn. 6⅛ 95	175	103⅝	104⅛	−0⅛	−0⅛	6.17
Ex Im Bk Korea 7⅝ 90	100	101⅞	102⅜	0	0	6.98
Finland Republic 7 92	200	104	104½	0	+0⅛	6.07
Gould Int. Fin. 7⅝ 91	100	103⅞	104⅜	0	−0⅛	6.61
Heron Intl. Fin. 7⅛ 95	100	100⅛	100⅞	−0⅛	−0⅛	7.17
Hoesch Intl. Fin. 7 95	100	103⅝	104	+0⅛	+0⅛	6.47
Ireland 8⅛ 92	180	110	110½	0	+2⅛	6.04
I/S Elsam 6⅛ 93	125	100⅞	101⅛	+0⅛	+0⅛	6.62
Japan Fin. Cpn. 7⅛ 91	100	107⅛	107⅝	+0⅛	+1	5.95
Mitsbshi M. 3⅛ 89 WW	100	107⅞	108⅝	+0⅛	−1⅛	0.83
Mtsbshi M. 3⅛ 89 XW	100	92⅝	93⅝	+0⅛	+0⅛	5.21
Quebec Hydro 7⅛ 95	200	106⅛	106⅝	0	0	6.18
Rank 7⅛ 95	100	106⅝	106⅝	0	+0⅛	6.77
Sec. C. Nuclear 7⅛ 95	150	104⅛	104⅞	−0⅛	+0⅛	6.58
Soc. C. Nuclear 8 91	100	105⅞	106⅝	+0⅛	−0⅛	6.53
S African Tran. 7⅝ 92	100	96⅞	97⅝	0	−1	8.17
World Bank 7 95	800	108⅛	108⅝	−0⅛	+0⅛	6.79

Average price changes... On day −0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon. Cap. Cpn. 5⅝ 94	130	†101⅛	101⅝	+0⅛	+0⅝	5.13
Br. Land Comp. 6½ 96	75	†104⅛	104⅝	−0⅛	0	5.99
Chrysler 5⅝ 95	160	*†103¾	104	+1¼	+1⅞	5.25
Council of Europe 6 92	120	†103½	103¾	+1½	−0½	5.33
Creditanstalt 5½ 94	100	†102	102½	−0⅛	0	5.19
Deutsche Bk. F. 5⅝ 00	100	†104½	104¾	−0⅛	0	4.71
Gen. Occidentala 4⅞ 94	80	†117	117½	+17⅛	−1½	2.29
Glendale F. S&L 5⅝ 95	100	†98⅝	100	+0⅛	0	6.51
Ind. F. Finland 6⅝ 94	40	†101½	101¾	−1½	−0⅛	6.50
Int. Am. Dv. Bk. 8⅝ 94	120	†103	103⅛	+2	−0⅛	5.65
N Zealand Steel 5⅝ 96	70	†101	101½	−0⅝	0	6.80
Oberoa. Kftwk. 5⅛ 95	100	†101½	102	−1	+0½	5.10
Olivetti Intl. 5⅛ 95	100	†102⅝	103	−1½	0	5.10
Pepsico 5⅛ 95	130	†102½	103⅛	+1½	−0⅝	4.74
Phibro-Salomon 5⅝ 97	110	†102	102½	−0⅝	0	4.88
Ralston Purina 6⅞ 94	125	†102	102⅝	−0½	−0⅛	5.06
Settsu Euro. 0 2001	100	†49½	49⅝	−3⅛	−3⅞	4.82
Tokyo Elec. Pr. 5⅝ 93	120	*†102½	102⅞	—	−0½	5.02
Tokyo Metropolis 5⅝ 94	80	†102⅝	102⅞	—	+0⅝	4.90
World Bank 5⅝ 94	150	†104⅝	105	+0⅛	+0½	6.04

Average price changes... On day +0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Exp. O. Cr. 5⅞ 91	20	98⅛	99	−0½	−0⅝	6.15
Denmark 6⅞ 96	10	101⅝	102½	−0½	+1	6.12
EIB 6⅛ 96	25	101⅞	102⅛	−0⅝	+0⅞	5.85
Proctar & Gamble 6 91	25	*†102½	102⅞	0	−0⅞	5.02
Swed. Exp. Crd. 6⅝ 96	10	†102⅛	102⅜	0	+0⅝	4.80

Average price changes... On day −0½ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Ex. O. Cr. 0 91 A$	100	55⅛	56⅛	0	+1	12.38
A. S NZ Bk. 15⅛ 90 A$	50	106	107	−0⅛	0	12.91
Fiat Finance 14½ 89 A$	50	104⅛	105⅛	+0⅞	+0⅛	12.39
La Schlswg. 14⅛ 91 A$	30	104½	105½	−0⅞	−0⅛	12.72
Amex 10⅝ 90 C$	80	105⅝	106	+0⅞	−1	9.02
Canad. Pac. 10⅛ 90 C$	75	108⅛	108⅝	−0⅛	+1⅛	9.00
CIAC 10⅝ 90 C$	75	†104	104½	−0⅛	−0½	9.50
Genstar Fin. 11⅛ 95 C$	75	†105⅝	106⅛	+0⅛	+0⅞	10.70
Montreal 11½ 95 C$	75	109⅛	109⅝	+0⅞	+1	9.86
Ryl. Trustco 10⅝ 90 C$	75	105	105½	+0⅛	+1	9.91
Sears Acc. 10⅛ 92 C$	75	†105	105½	0	0	9.47
Coca-Cola F. 17 90 NS	75	102⅝	103⅛	+0⅛	+1	15.86
Denmark 17½ 89 NS	50	†99½	100½	+0⅛	+0⅞	17.41
Unilever Cp. 17½ 89 NS	50	99⅛	100⅛	+0⅛	+0⅞	17.46
Copnhgn. C. 8 95 Ecu	40	112⅝	113½	0	−0⅞	7.07
EIB 8⅛ 93 Ecu	180	109	109½	+0⅛	−0⅛	6.86
Walt Disney 8⅞ 94 Ecu	63	108⅛	109	−0⅛	−0⅛	7.25
Honda WW 3⅛ 90 Fl	100	109	109½	−0⅛	−1⅛	1.39
Honda XW 3⅛ 90 Fl	100	92⅛	92⅝	−0½	−0⅛	0.09
Thyssen 7⅛ 90 Fl	90	103⅛	103⅝	+0⅛	+0⅛	6.29
Wereldhave 7½ 90 Fl	75	103⅞	104⅛	−0⅛	−0⅛	6.36
Wessanen 6⅝ 90 Fl	75	101⅛	101½	+0⅛	+0⅛	6.37
NERSA 9⅝ 96 FFr	500	109⅛	109⅝	+0⅛	−0⅛	8.32
Amev 11 93 £	50	107⅛	107⅝	−0⅛	+0⅛	6.41
Australia Com. 11 92 £	40	108⅛	108⅝	0	+0⅛	9.07
GMAC UK F. 10½ 90 £	30	104⅛	104⅝	+0⅛	+0⅛	9.03
Imp. Ch. Ind. 11⅝ 95 £	100	108⅞	110⅛	−0⅛	+1⅛	9.59
Imp. Ch. Ind. 10⅝ 92 £	75	105⅛	106	−0⅛	+0⅛	9.47
Inv. in Ind. I. 10 93 £	99	103⅞	104⅜	+0⅛	+1⅛	9.16
Leeds Bld. S. 10⅛ 91 £	50	103⅛	104⅛	−0⅛	+0⅛	9.45
McDonalds 10⅞ 90 £	40	106	106½	−0⅛	+1⅛	8.93
MEPC 10⅛ 2003 £	75	99⅝	100	−0⅛	+0⅛	10.28
Nat'nwide BS 10⅛ 93 £	75	103⅛	104⅛	0	+2⅛	9.32
NSW Treasy. 10⅛ 92 £	50	105⅛	105⅝	0	+1⅛	9.45
Royal Ins. 10⅝ 92 £	60	106⅛	107⅛	0	+1⅛	9.26
J. Sainsbury 10⅞ 93 £	80	106½	107	+0⅛	+1⅛	9.44
Tsthse. Forte 11⅞ 90 £	50	104⅛	105⅛	0	+0⅛	9.54
World Bank 11⅝ 95 £	100	113⅝	114⅛	0	+0⅛	9.95
COE 8⅝ 95 LFr	600	†104	104½	0	−2⅛	8.20
N. Lux. Al. 10⅛ 92 LFr	600	102⅛	103⅛	−0⅝	−0⅞	6.82

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Anglia Bldg. S. 5 98 £	0⅛	99.93	100.02	14/4	11⅛
Barclays Bank Perp. 1	§0⅛	100.20	100.30	2/7	8⅛
Barclays Bank Perp. 2	§0⅛	100.28	100.35	14/8	8⅛
Belgium Kngdm. of 91	0	100.43	100.53	13/8	8.00
BNP 5⅛ 95	0.00	101.86	101.96	10/7	8.00
Britannia 5 93 £	0⅛	99.96	100.00	6/4	11⅛
CCF 5⅛ 97	0	99.33	99.43	6/4	8.06
Citicorp 5 2005	0⅛	99.50	99.60	27/3	8.04
Credit Lyonnais 6 2000	0⅛	100.47	100.57	10/7	8.00
EEC 3 92 DM	0	99.96	100.00	20/8	4.44
EEC 5 90	0⅛	100.22	100.32	8/7	8.00
EEC 5⅞ 93 Ecu	0.0312	†99.90	100.00	30/4	8.91
Ireland 5⅛ 97	0⅛	100.34	100.04	28/2	8.44
Lloyds Bank Perp.	0⅛	100.20	100.30	9/8	8⅛
Midland Bk. Perp. 6	0⅛	100.20	100.90	13/6	8⅛
Milk Mkt. Board 5 93 £	0⅛	99.98	100.06	17/6	12.31
NatWest Perp. A	§0⅛	100.30	100.40	5/7	8.31
NatWest Perp. B	§0⅛	100.39	100.49	9/6	8⅛
New Zealand 5 97 £	0.07	99.90	99.80	13/3	11.57
New Zealand 5 2001	0	100.26	100.36	4/8	8⅛
Prudential Con. 4 95 £	0.1	99.80	99.99	6/3	11.78
R. Bk. Scotland 5 Perp.	0⅛	100.10	100.20	11/2	8.44
United Kingdom 5 92	0	100.16	100.26	7/7	8.00
Woodside Fin. 5⅞ 97	0	99.63	99.73	28/7	8.16
Woolwich 5 95 £	0⅛	99.91	99.93	19/5	11.49

Average price changes... On day +0.00 on wk. +0.09

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053	210	212	−2⅞	3.06
Comcast 7 2000	12/85	23.89	†122	124	−2	11.32
Fanuc 3⅝ 99	1/84	7032	239⅝	241⅝	+3⅛	61.47
Fuji Heavy Inds. 3 2000	5/85	576	114	115	+0	1.97
Fujitsu 3 99	5/84	1220	125⅞	127	−0⅛	14.21
Kumagai Gumi 3⅛ 2000	3/85	600	†217	218	−1	8.17
Marui 3⅛ 99	7/84	1162	286⅛	288⅛	−7⅛	−3.74
Minolta Cm. 2⅛ 94 DM	2/86	1100	104	104⅛	0	29.74
Mitsubishi Bank 2⅞ 00	2/86	1768	122⅛	123⅛	+0⅛	−1.84
Mitsubishi Elec. 2⅞ 00	3/86	422	128	127⅛	+0⅛	−3.58
Mitsui Bank 2⅛ 01	4/86	1018	108	109	−1	−90.43
Murata 3⅛ 2000	7/84	2398	157⅛	158⅛	+0⅛	16.08
Nippon Elec. 2⅞ 2000	1/85	1235	172	173	−1	88.72
Nippon Oil Co. 3 2000	8/85	323	181⅛	182⅛	+3⅛	−2.40
OKI Elec. Ind. 3⅛ 99	10/84	805	123⅞	124⅞	+0⅛	−3.84
Sanwa Bank 2⅛ 2000	10/85	1486	126⅛	128	+4⅛	3.30
Sekisui House 3 99	0/84	612	250⅛	252⅛	−5⅛	−4.19
Sumitomo Bk. 2⅞ 2000	8/85	2142	126⅛	127⅛	−0⅛	−0.28
Sumitomo Cpn. 2⅞ 99	5/84	593	196⅞	198	+2⅛	8.43
Taiyo Yuden 3⅛ 2000	3/85	1078	†140	142	+0⅛	−2.93
Tokyo S'yo El. 3⅛ 99	12/84	772	106⅛	107⅝	+0⅛	6.98
Toshiba Cmcs. 3 2000	4/85	1734	126⅛	127⅛	+0⅛	0.25
Nippon Oil 2⅞ 92 SFr	3/84	1052	†127⅛	128⅞	+2⅛	1.02
Nic. Shinpan 2 92 BFr	3/84	801	†177	178	−11⅛	8.78
Asics 5 92 DM	12/83	520	131⅛	132⅛	−3	4.73
Renown 3⅛ 90 DM	3/85	675	136⅝	137⅛	−0⅛	−3.66

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

WORLD STOCK MARKETS

Electronic bridge boosts global equities trading

BY ALEXANDER NICOLL

DAVID HUNTER, chairman of the US National Association of Securities Dealers, could be forgiven a touch of hyperbole yesterday when he described the new link between the NASD and the London Stock Exchange as "the beginning of the global network for 24-hour equity trading . . . the start of a true world equity market."

The international equity market is already taking shape at a bewildering pace. Investors are increasingly looking outside their home stock markets. Securities houses and stock exchanges are being swept along in the rush to go global.

The "electronic bridge" between the NASD's automated quotation system, NASDAQ, and the Stock Exchange's own automated quotation system, SEAQ International, is an important step towards setting a more formal and efficient structure for what is still a highly fragmented market in its nascent stages.

Demand for foreign stocks has been spurred in the US, Japan and Europe by the extraordinary worldwide bull market in equities which has been under way for several years. Many forecasters predict that, against a background of non-inflationary economic expansion and falling interest rates, it will continue for some time.

Equally important has been the development of technology allowing instant knowledge about activity outside domestic markets. Information networks such as Reuters and Telerate have contributed importantly to the creation of global markets in currencies and bonds. Now the spotlight is on equities.

So far, the international equity market has developed in piecemeal fashion. US securities houses such as Merrill Lynch trade non-US stocks around the clock, passing the house "book" from New York to Tokyo to London and back to New York.

In London, international dealership subsidiaries of Stock Exchange members make markets in non-UK stocks on the same deregulated basis as will be allowed in the domestic market after October—with negotiated commissions and no bar on acting as both broker and marketmaker.

Reuters has been making an assault on the new market. It has a service into which international marketmakers insert share prices. These are collated into multi-contributor pages on the Monitor screen showing a range of quotes for individual stocks.

Perhaps even more significantly, Reuters is marketing in Europe the Instinet system which provides automatic execution of orders for US stocks. Some Instinet screens are already installed in London and brokers are quietly getting acquainted with them.

For the global market, the danger has been that disparate competing attempts to capitalise on the global push could result in a disorderly system. There could be unreliable price dissemination, inadequate trade reporting, inefficient settlement methods, and a lack of surveillance which could give rise to concern about investor protection.

For the London Stock Exchange, the threat was even more direct. The rapid growth of the "upstairs" market in equities, especially if it spread into the domestic market, could make the exchange irrelevant. After the October Big Bang reforms, floor trading on the exchange is in any case expected to diminish considerably in favour of screen-based, telephone trading.

London seems likely to be the centre of the international equity market, with many international firms committing substantial capital to setting up trading desks. Since internationally traded equities include a large number of British stocks, the Stock Exchange was in danger of losing control of the London equity market despite the radical structural reforms it is undergoing.

The link with NASDAQ is the latest step in its effort to retain a centralised market by providing technological systems for quotation, execution and settlement that will meet the new internationally-orientated needs of its members. Establishment of SEAQ International was the first step, and development of SEAQ into a full system providing firm two-way quotes for all the most active stocks will be the next.

Just as important are the talks it is holding with the National Securities Clearing Corporation on a trans-Atlantic link with its Talisman settlement system.

NASDAQ itself has already provided a textbook example of how it can be done. When it was established 15 years ago, it brought together a fragmented over-the-counter stock market in much the same way that, it is hoped, technology will be harnessed to co-ordinate the international market.

NASDAQ is the world's third-largest stock market, after the New York and Tokyo stock exchanges. No fewer than 4,784 stocks are quoted on its screens, and its trading volume totalled $233bn (£154bn) last year. Each stock has an average of eight marketmakers.

Its competing marketmaker system is the model adopted by the London exchange for the revamped domestic UK market which will appear at Big Bang. This made it easier to establish a NASDAQ/London link.

THE TWO-YEAR pilot programme launched yesterday involves the exchange of real-time prices through a satellite link between the Stock Exchange's computers in London and NASDAQ's computer centre at Trumbull, Connecticut in the US.

On the London exchange's 4,000 TOPIC screens, subscribers will see bid and offered prices made by individual NASDAQ marketmakers on 290 big-capitalisation stocks—the components of the NASDAQ-100 Index and the NASDAQ-Financial Index—and on 70 non-US and non-UK stocks quoted on NASDAQ in the form of American Depositary Receipts.

On 2,600 NASDAQ terminals, subscribers will see prices for the 100 UK shares that make up the Financial Times-Stock Exchange Index, and for 188 non-UK stocks quoted on the Stock Exchange's SEAQ International service. These will be two-way prices for the international stocks, but only mid-prices for the UK shares.

US dealers will be able to see live London quotes from 7.30 am until 12.30 pm New York time. London dealers will see NASDAQ quotes from 2.30 pm London time, with opening prices appearing at 3.30, until the London system closes.

BASE LENDING RATES

ABN Bank	10½%	Grindlays Bank	‡10½%
Allied Dunbar & Co.	10½%	■ Guinness Mahon	10½%
Allied Irish Bank	10½%	■ Hambros Bank	10½%
American Express Bk.	10½%	Heritable & Gen. Trust	10½%
Amro Bank	10½%	■ Hill Samuel	§10½%
Henry Ansbacher	11 %	C. Hoare & Co	†10½%
Associates Cap. Corp.	11 %	Hongkong & Shanghai	10½%
Banco de Bilbao	11 %	Johnson Matthey Bkrs.	11 %
Bank Hapoalim	10½%	Knowsley & Co Ltd	11 %
Bank Leumi (UK)	11 %	Lloyds Bank	10½%
Bank Credit & Comm.	11 %	Edward Manson & Co.	12 %
Bank of Cyprus	11 %	Meghraj & Sons Ltd	10½%
Bank of Ireland	10½%	Midland Bank	10½%
Bank of India	10½%	■ Morgan Grenfell	10½%
Bank of Scotland	10½%	Mount Credit Corp Ltd	10½%
Banque Belge Ltd	10½%	National Bk. of Kuwait	10½%
Barclays Bank	10½%	National Girobank	10½%
Beneficial Trust Ltd	12 %	National Westminster	10½%
Brit. Bank of Mid. East	10½%	Northern Bank Ltd.	10½%
■ Brown Shipley	10½%	Norwich Gen. Trust	10½%
CL Bank Nederland	10½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	10½%	Provincial Trust Ltd.	12½%
Cayzer Ltd	10½%	R. Raphael & Sons	10½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	10½%	Royal Bank of Scotland	10½%
Citibank NA	10½%	Royal Trust Co Canada	10½%
Citibank Savings	¶11.95%	Standard Chartered	10½%
City Merchants Bank	10½%	Trustee Savings Bank	10½%
Clydesdale Bank	11 %	United Bank of Kuwait	10½%
C. E. Coates & Co. Ltd.	12 %	United Mizrahi Bank	10½%
Comm. Bk. N. East	10½%	Westpac Banking Corp	10½%
Consolidated Credits	11½%	Whiteaway Laidlaw	11 %
Continental Trust Ltd.	10½%	Yorkshire Bank	10½%
Co-operative Bank	*10½%		
The Cyprus Popular Bk	10½%		
Duncan Lawrie	10½%		
E. T. Trust	11½%		
Exeter Trust Ltd.	11 %		
Financial & Gen. Sec.	10½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	11½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.38%. 1-month 6.68%. Top Tier—£25,000+ at 3 months notice 9.72%. At call when £10,000+ remains deposited.
† Call deposits £1,000 and over 6¾% gross.
‡ Mortgage base rate.
§ Demand dep. 6.25%. Mortgage 12.25%.

Legal Notices

IN THE MATTER OF SNIRE WHOLEFOODS LIMITED (formerly Cheshire Wholefoods (Wholesale) Limited) AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 16th day of May, 1986, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned David Swaden, FCA, of 46 Rodney Street, Liverpool L1 9AA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 16th day of April, 1986.
C. D. SWADEN,
Liquidator.

THE COMPANIES ACTS 1985
EUROPEAN BUYING SERVICES LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 588 of the Companies Act 1985 that a Meeting of the Creditors of the above-named Company will be held at Fairfax House, Fulwood Place, London WC1V 6DW, on Friday, the 2nd day of May 1986, at 11 o'clock in the forenoon, for the purposes mentioned in sections 589 and 590 of the said Act.
Dated this 14th day of April 1986.
By Order of the Board,
D. F. MARKS,
Director.

ACEGALLEY LIMITED
T/A ANDREW PHILLIPS

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act 1985 that a Meeting of the Creditors of Acegalley Limited, will be held at the office of Leonard Curtis & Partners, 46, Rodney Street, Liverpool L1 9AA, on Thursday the 1st day of May 1986 at 12 o'clock midday, for the purposes provided for in Section 589 and 590.
Dated the 15th day of April 1986.
G. MERCER,
Director.

THE TIMPERLEY ROOFING CO. LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act 1985 that a Meeting of the Creditors of The Timperley Roofing Co. Limited, will be held at the offices of Leonard Curtis & Partners, 3rd Floor, Peter House, Oxford Street, Manchester M1 5AB, on Thursday the 1st day of May 1986 at 12.00 o'clock midday, for the purposes provided for in Section 588 and 590.

Company Notices

GENERAL MINING UNION CORPORATION LIMITED
(Incorporated in the Republic of South Africa)
Registration No. 01/01232/06

ANNUAL GENERAL MEETING

The annual general meeting of the members of General Mining Union Corporation Limited will be held in the boardroom, 6th Floor, General Mining Building, 6, Hollard Street, Johannesburg, on Thursday, 15 May 1986, at 09h00.

Holders of share warrants to bearer may obtain copies of the annual report from 30 Ely Place, London EC1N 6UA.
per pro GENCOR (U.K.) LIMITED
London Secretaries
L. J. BAINES
30 Ely Place,
London EC1N 6UA.
23 April 1986.

CORRECTION NOTICE
NOTES TO THE HOLDERS OF BONDS OF THE ISSUE 9% 1977-1995 OF US$50,000,000 MADE BY THE EUROPEAN COAL AND STEEL COMMUNITY

The Commission of the European Communities advises the bondholders of the above mentioned issue that the instalment on June 15, 1986 amounting to US$1,750,000 has been met by a draw by lot on April 15, 1986 in the presence of a Notary Public.

BONDS DRAWN
Nos 12178-14939 inclusive when taking previous instalments into account.

The drawn bonds will bear no interest after June 15, 1986 and are repaid with coupon June 15, 1987 attached according to the terms and conditions of the bonds.

Outstanding amount after June 15, 1986: US$38,250,000.

UNILEVER N.V.
Rotterdam The Netherlands

ANNUAL GENERAL MEETING OF SHAREHOLDERS

On Wednesday, 14th May, 1986 at 10.30 a.m. in the "Kleine Zaal" of the "Concert- en Congresgebouw de Doelen", entrance Kruisplein 30, Rotterdam

AGENDA

1. Consideration of the Annual Report for the 1985 financial year submitted by the Board of Directors.
2. Approval and adoption of the Annual Accounts and appropriation of the profit for the 1985 financial year.
3. Appointment of the members of the Board of Directors.
4. Appointment of Auditors.
5. Designation, in accordance with Articles 96 and 96a of Book 2 of the Netherlands Civil Code, of the Board of Directors as the company body authorised in respect of the issue of shares in the Company.
6. Authorisation, in accordance with Article 98 of Book 2 of the Netherlands Civil Code, of the Board of Directors to purchase shares in the Company and trust certificates therefor.

The agenda, the Report and Accounts for 1985 together with the Report of the Auditors and the further documentation pertaining to the Agenda are available for inspection by shareholders and holders of certificates issued by N.V. Nederlandsch Administratie- en Trustkantoor at the Company's office [illegible]

(A) [illegible]

(B) [illegible]

(C) [illegible]

(D) [illegible]

(E) [illegible]

Rotterdam, 22nd April, 1986 THE BOARD OF DIRECTORS

UNILEVER N.V.
CERTIFICATES FOR ORDINARY SUB-SHARES OF FL 12 ISSUED BY N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

NOTICE IS HEREBY GIVEN that the name of Midland Bank Executor and Trustee Company Limited has been changed to Midland Bank Trust Company Limited. [illegible] New York Shares and vice versa will be SUSPENDED from 9 May 1986 to 22 May 1986 inclusive.

Certificates will only be accepted for exchange after 27 May 1986 provided that all dividends declared prior to that date have been claimed.

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR
London Transfer Office,
Unilever House, Blackfriars,
London EC4P 4BQ.
22 April 1986.

INCO
INCO LIMITED
(Incorporated under the laws of Canada)
US$100,000,000
Floating Rate Notes due 1995

Notice is hereby given that the Rate of Interest has been fixed at 6.875% and that the interest will be payable on the relevant Interest Payment Date, October 23rd 1986 against Coupon Number 3. In respect of US$100,000 nominal amount of the Notes, the payment will be U.S.$3,494.79 and in respect of U.S.$1,000,000 nominal amount of the Notes, the payment will be U.S.$34,947.92.

CANADIAN IMPERIAL BANK OF COMMERCE
Agent Bank
April 23, 1986

UK COMPANY NEWS

Guinness planning to buy in shares

BY DAVID GOODHART

THE GEARING in the new combined Guinness-Distillers company is set to rise above 100 per cent following the plan, revealed yesterday, for Guinness itself to buy in the 14.9 per cent stake in Distillers which has been built up by its merchant bank Morgan Grenfell and other concert parties.

This unusual move will, if approved by shareholders, mean cancelling 90m shares in the new company, equivalent to about 9 per cent of the total equity.

It has been prompted by the calculation that higher short term debt is preferable to a larger number of shares and also that the Guinness share price would have been badly hit by the sale in the market of two 14 per cent-plus stakes in Distillers acquired by the rival bidders.

Yesterday Argyll, the unsuccessful bidder, sold its 14.4 per cent stake (including concert parties) with the help of the Guinness brokers Cazenove and Wood Mackenzie. The price of 300p a share (equivalent to 672p a Distillers share) realised £71m for Argyll itself, giving it a slightly lower-than-expected profit of £18m on the holding. Total net costs of the bid are thus about £32m.

Guinness had made provision to borrow £825m cash and issue 605m new shares for the Distillers take-over.

Because of the low take-up of the cash alternative and the popularity of the convertible preference shares only £300m of the borrowing provision has been used for the cash element of the offer and the rest will be used to buy-in and cancel the concert party shares. New shares to be issued will thus fall from 605m to 515m.

Through the extra use of cash the gearing level of Guinness-Distillers will rise from about 75 per cent to close to 120 per cent according to some analysts. Guinness said it would soon be down to 70 per cent.

One immediate method of raising money to reduce the gearing would be for Guinness to sell off Distillers' two substantial stakes in BP and the Bank of Scotland.

A rearrangement of the Distillers board was also announced yesterday with Mr Ernest Saunders, the Guinness chief executive, becoming chairman and Mr John Connell, the former Distillers chairman, becoming president.

Guinness repeated yesterday that its wholly unconditional offer for Distillers remained opened for acceptance until further notice. Acceptances have already been received from well over 80 per cent of Distillers shareholders.

The Convertible Preference Share Election will remain open until 3 pm on Friday May 2 along with the ordinary share election and the cash alternative.

By 4 pm on April 21 acceptances for the cash alternative had been received from holders of only 2.2m new Guinness ordinary shares.

See Lex

Perry offsets declining return on new cars

HELPED BY a cut in interest charges, the Perry Group of Ford and GM main dealers has shown a marginal improvement in pre-tax profit for 1985. It has moved up from £3.5m to £3.56m.

New vehicles sold increased 8 per cent to 19,421 but their contribution to profit declined, reflecting the competitive trading conditions in the industry.

However, further progress was made in those areas where the group is able to offer individual service and control profit margins. In used cars profit was up 42 per cent, in service departments 25 per cent, in accident repairs 13 per cent, and in parts, benefiting from the major investment programme at Borehamwood, up 67 per cent.

The group operates from sites in Essex, Middlesex, North London, Buckinghamshire, and South Yorkshire. Last July it moved into the estate agency business and has 10 offices open; this business is expected to make a contribution to profits in the second half of the current year.

Overall sales in 1985 rose by 15 per cent to £153.2m but operating profit fell 4 per cent to £4.3m. Tax takes £1.56m (£1.57m) to leave earnings at 11.1p per share (10.7p). There are extraordinary benefits of £190,000 (£79,000).

The final dividend is 2.85p for a total of 4.5p net, compared with 4.25p. The cost is £812,000 (£767,000).

In the current year first quarter profits are down some £200,000 because of two special factors—a "once only" parts bonus of £200,000 received in the comparable period of 1985 and the write-off of Perrys Estate Agencies start-up costs.

All dealership activities other than commercial vehicles show significant improvements.

● comment

Perry Group is feeling the margin squeeze as new car buyers in the volume end of the market shop around for the best deal and car manufacturers expect dealers to share the cost of sales promotion campaigns. As a result the profit contribution from Ford and GM main dealership sales slipped a fifth to £1.1m while the number of cars sold rose by 1,400 to 19,400. The used car market, with almost 3,000 cars sold, is rapidly gaining on new car sales as a contributor to Perry's bottom line as its margins are twice as good. Parts sales out of the Borehamwood superdepot contributed strongly to a slightly lower overall operating total although a £20,000 once-off bonus has more than helped here. In 1986 the estate agencies should be contributing for the first time and group profits reach £4m. Ron Brierley has held just over 10 per cent of Perry Group for some time, a stake which is now worth two-and-a-half times what IEL paid for it. But as Ford International's rules appear to preclude any more dealerships passing under the TKM banner the prospect of a full bid looks slim. Nevertheless at 135p the shares still look cheap on a sub-market prospective multiple of 10.

Ernest Green joins USM via share placing

BY TERRY POVEY

Ernest Green and Partners has become the first structural engineer to join the USM through a £2.54m placing of shares with institutions, which values the company at £8.9m.

The company, which was founded by Mr Ernest Green, is forecasting profits of £1.1m for the year ending June 30, earnings per share on the average capital of 9.29p and a final dividend of 0.7p.

Of the 2.12m shares being sold through the placement, some 1.19m are coming from Mr Ernest Green and his family. After the issue the Green holding will be reduced to 32 per cent.

For 1981 the business was restructured to enable senior management to be shareholders. However, Mr Green continued to have a consultancy arrangement with the company until June 1985.

In the five years up to and including that to June 1985, these arrangements plus associated financial charges cost a total of £2.6m, three-quarters of the company's pre-exceptional profits.

● comment

It is good to see yet another of the professions joining the market. However, this placement seems as much aimed at inviting institutions to purchase shares from the Green family out as to obtaining a listing. For this reason the City may wish to wait to see how the post-Green era works out before chasing after the stock. Anyway a 12 per cent growth in pre-exceptional profits does not seem a hard target to reach in the present fairly strong property market in which fees are charged on an ad valorum basis.

Renewed calls for Westland share probe

By Lionel Barber

PRESSURE FOR an official government inquiry into the true ownership of a substantial block of shares in Westland helicopter company increased yesterday after it was revealed that three of the mystery shareholders are based in Uruguay, Majorca, and Los Angeles, US. Two others have already been located in Australia and Panama.

Last week, the Stock Exchange published a report on share dealing in Westland which raised the possibility of a secret concert party during the bitter proxy battle fought earlier this year for a minority stake in the company. The Stock Exchange suggested that the Department of Trade should investigate further, using powers delegated to the Secretary of State.

Mr John Smith, chief Labour trade spokesman, has written to Mr Paul Channon asking the Secretary of State if he considers it satisfactory that "such a miscellany of international interests" should be capable of deciding the future of an important British defence company. Some senior Westland executives are understood to favour an inquiry to settle the controversy over the mystery shareholding.

Last February, on the eve of a crucial shareholders' vote on Westland's future, the Stock Exchange revealed that six mystery shareholders, three of them acting through Swiss bank nominees, controlled around 21 per cent of the company. The shareholders almost certainly swung the vote in favour of Sikorsky, the US helicopter maker.

Westland, using law firms in California, Uruguay and Australia, has been able to identify five of the mystery shareholders who claim to be the true beneficiaries.

Mr Marc A Odermatt of Palma in Majorca holds 4.76 per cent; Mr Guillermo Schiess of Uruguay holds 1.53 per cent; Mr Mauricio de Castro of Los Angeles holds 4.89 per cent; Lynx Marketing of Panama holds 4.83 per cent. However, the only clearly identifiable company is Actraint No 34 Property, a subsidiary of Thomas Nationwide Transport, Australia's largest transportation group.

Emess Lighting launches £31m bid for Rotaflex

BY LIONEL BARBER

Emess Lighting, the London-based lighting products group, yesterday launched a £31m bid for its UK rival, which has extensive ...European interests. Rotaflex rejected the bid as unacceptable.

Rotaflex shares soared to 303p, up 93p on the day. Emess is offering 90 new shares for every 100 in Rotaflex which values its target at 285p per share. There is a cash alternative of 292p per share.

Emess has expanded rapidly over the last 12 months, buying the largest UK lampshade and lighting pottery suppliers, Marchant Holdings, for £6.25m, and the commercial lighting company, Markin Electric for £12.6m. For the year 1985, it recorded a 51 per cent rise in pre-tax profits to £3.38m on £30.68m turnover. It now claims to be the UK's largest supplier of domestic lighting.

Rotaflex, which specialises in accent lighting in shops and galleries for example, has also boosted profits significantly over the past three years. In 1985 it made £3.18m pre-tax on £50m sales, a 15 per cent rise on the previous year. Some £27m of sales come from European markets where it argues it is much stronger than Emess.

to £3.3m, equivalent to 13 per cent of lighting sales. Mr Michael Meyer, Emess chairman, said last night that the proposed acquisition would create a new group capable of competing effectively in Europe.

He criticised Rotaflex's performance over the past 10 years, saying it was inconsistent. "They seem to have reorganisations every two or three years and have never really delivered what they have promised."

The proposed acquisition is Emess's biggest yet and the heavy issue of shares would represent 40 per cent of the group's enlarged share capital.

Mr Meyer said that the offer was generous, representing a 267 per cent premium over net assets. He said Emess had been eyeing Rotaflex for four years.

Mr Michael Frye, Rotaflex chairman, said the group's recent strong profits growth strengthened the argument for staying independent. One strong defence for Rotaflex is that the board, associates, and friends, control around 30 per cent of the company.

Norton surprise at bid referral

BY DAVID GOODHART

Mr Paul Channon, the Secretary of State for Trade and Industry, has unexpectedly stepped in to block the £110m bid by fast-growing printing group Norton Opax for McCorquodale, the printing and packaging group more than twice its size.

He has referred the bid to the Monopolies and Mergers Commission for investigation on the grounds of market share in the personalised cheques industry. The two companies combined would have a 45 per cent share—with 15 per cent from Norton Opax and 30 per cent from McCorquodale.

Mr Roger Dimbleby, the Norton Opax finance director, said yesterday that the company was "surprised and disappointed" at the decision but added: "We have an intention of walking away from this until we have had a close look at all the options."

The company may attempt to reach an arrangement similar to that seen in the bids for Distillers and the Imperial Group by which provisional agreement is reached to sell off companies thus reducing the offending market share.

However, the opportunities for doing this may be limited by the fact that most obvious candidates to buy either cheque operation would also face market share problems.

McCorquodale was itself on the wrong end of a Monopolies and Mergers Commission referral last year when its bid for fellow printer Richard Clay was blocked. Clay subsequently merged with the St Ives group.

Mr John Wood, McCorquodale chief executive, said: "We are not surprised at the referral as the combined market share approaches 50 per cent. However, we did not regard a referral as "a major plank of our defence as the offer had neither commercial nor financial merit."

President Ents. raising £4.8m

President Entertainments, the USM-quoted theatre restaurants group which last week reported a 61 per cent increase in profits for 1985, yesterday announced a one-for-three rights issue and said it would be moving to the main market next month.

The rights issue is priced at 103p and will raise £4.8m to fund President's expansion. Underwriters to the issue are Phillips & Drew.

President has grown rapidly in the last year through the acquisition of the Flanagan's, Bates and L. S. Grunts restaurants. It now has seven theatre restaurants, five theme restaurants and two gourmet restaurants in Britain and the US.

This year, a Flanagan's restaurant and an L. S. Grunts pizza restaurant, are to open in London's Leicester Square and another L. S. Grunts is to open in York. In the US, another car park is being built for the King Henry's Feast in Orlando, Florida.

The two major shareholders —Mr Robert Earl, the chairman, and Mr Lauren Solt, who between them hold 20.3 per cent of the equity—will sell enough of their rights to pay for the balance of their entitlements. The shares sold will be placed by Phillips & Drew.

Berisford

S. & W. Berisford, the commodity trading group, which has told Hillsdown Holdings, the UK food manufacturer, that its £486m bid is unacceptable, is preparing a profits forecast for 1986.

UK COMPANY NEWS

Ellis & Goldstein profits increase to over £4m

WITH PROFITS increasing from £3.55m to £4.06m in the year ended February 1 1986, Ellis & Goldstein (Holdings) is lifting its dividend from an effective 2.13p to 2.45p net. The final is 1.6p.

The group is a wholesaler of ladies clothing under the Eastex, Dereta, and Elgora brand names, and operates shops within stores.

All divisions contributed to the improved results, the directors state. Dash continued to develop and now operates 130 units including seven stand alone shops. Its product range is expanding and a start has been made on franchising. Retail turnover increased from £41.98m to £50.81m.

Wholesale sales rose to £24.69m (£22.07m). There has been a significant increase to the multiples and chain stores, the directors say, especially of merchandise made exclusively for them but sourced from overseas.

The year's profit was struck after net interest of £702,000 (£338,000). After tax of £1.72m (£1.45m) net profit worked through at £2.34m (£2.1m) for earnings of 8.1p (7.3p).

● comment

Having had some first half stock problems to overcome, Ellis & Goldstein has ended the year a littla stronger than the market was expecting and the shares rose 1½p to 88p. The Dash outlets continue to provide the verve and contributed just under half of group profits. However, quite what the future holds inside Debenhams (about one seventh of E&G's turnover but a good deal more of profits) is unclear — certainly the company may loose some premium selling spots as part of Burton's general rethink. The new Jenni Barnes range is aimed at formal wear for the same main market, female aged 25-50, that Dash's leisure outfits appeal to. With almost £200,000 start-up costs on the new range due this year, 1986 looks likely to be one for a slightly slower growth rate. Such costs could become a regular item as E&G looks increasingly to stand-alone ventures for expansion as the store-in-a-store unit may have reached maximum potential. The only way out of the financing bind this implies is to rely on franchising—a decision apparently already made. To look for much more than £4.7m would be to expect too much.

Moss Bros 19% profit increase

GREATER operating effectiveness throughout virtually all areas of business has enabled the Moss Bros group to continue its profit improvement.

In the year ended January 25, 1986, the pre-tax balance is ahead by 19 per cent, from £1.02m to £1.2m, on sales 8 per cent higher at £19.58m.

The group, which retails and hires out clothing and ancillary goods, is paying a final dividend of 4.3p for a net total of 5.745p, compared with 5p.

With regard to the current year, the directors are expecting further progress. Sales early on were a little below budget, but shop improvements and development programmes are continuing. In February tha third Occasions shop was opened, in Windsor, and William Morling menswear shop in Canterbury has been purchased.

The profit for the year was struck after allocating £65,000 (£48,000) to employaes' profit sharing scheme. Tax takes £454,000 (£392,000) to leava the net profit at £758,000 (£624,000), or 25.01p (20.83p) per share.

● comment

Moss Bros, like other clothing retailers, had to endure unseasonal weather and severe competition last year, but its refusal to enter into a price war and some aggressive buying pushed margins up enough to produce profits in line with expectations. The current year has seen a sluggish first quarter with the weather again unfavourable, aod in spite of the buoyancy of consumer spending the company expects increasingly astute consumers to put pressure on margins. The profits improvement is therefore going to bave to come largely through expansion and the trickle of store openings. These are unlikely to take the pre-tax figure much beyond £1.4m without a substantial acquisition. For the moment, more excitement lies in the possibility that Moss Bros may, after all, win permission to redevelop its Covent Gardeo site: if it does, the shares at 630p could look conservatively rated on a prospective p/e of 21.

Cosalt doubles midterm profit

Cosalt is continuing its progress. In the half year ended March 2 1986 it has doubled its profit and is lifting the interim dividend from 0.75p to 1.25p net.

Turnover rose by £4.14m to £23m and the pre-tax profit by £274,000 to £523,000, after interest charges of £462,000 (£348,000).

Mr E. A. Brian, chairman, reports that ships' chandlery and associated activities have sustained their earnings despite some difficult trading conditions. Further acquisitions are under consideration to assist growth in this division.

After tax £131,000 (credit £8,000) and minority £2,000 (nil) the net attributable profit for the half year comes to £390,000 (£257,000) for earnings of 3.81p (2.27p).

For the whole of 1984-85 the group almost doubled its pre-tax profit to £1.05m, and lifted the dividend from 0.75p to 2.75p.

● comment

Cosalt's crisis days are over. This set of interims marks the end of two years of cuts and closures and by the year-end every division will contribute to profits. Perhaps perversely ships chandlery — which has baled out the loss-making divisions for so long — has suddenly been jeopardised by the plunging price of oil. Sales to North Sea oil companies provided 20 per cent of ships chandlery and 10 per cent of group turnover last year. Sales suffered in the first half of the year and will suffer further in the second. The upturn within the caravan division — catalysed by last year's design and marketing programme — should compensate, however, as should the return to profitability of finance, aviation and refrigeration. Cosalt's shares have gained ground as the reorganisation has taken effect. The prospect of a bid from Intermaritima Chandlers, which has built up a 19 per cent stake, has added an extra fillip. Yet the prospective p/e of 6.5 on profits of £1.75m and a share price of 85p is still low, even for such a motley collection of companies.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Bosse Massimi	3	—	2.25¶	4.5	3.5¶
Centreway Inds	Nil	—	Nil	Nil	0.1
Clement Clarke	2.89	June 13	2.89	4.52	4.33
Cosalt ...int	1.25	Sept 4	0.75	—	2.75
Ellis & Goldstein	1.6	June 17	1.45	2.45	2.13*
Hartons Group	0.83	July 1	0.77	1.27	1.16
Moss Bros	4.03	—	3.46	5.75	5
Perry Group	2.85	July 7	2.75	4.5	4.25
SAC Intnl‡ ...int	0.65	May 30	—	—	—
St Ives Group ...int	3	May 30	—	—	—
Scasa	1.35‖	July 22	1.1	2.2	1.8
Scottish Cities ...int	7	May 30	6	—**	23

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Adjusted for sub-division. ‖ US cents throughout. ** Total of not less than 24p forecast.

Splash Products joining USM

Splash Prodnets, a novelty T-shirt printed based in Faringdon, Oxfordshire, is joiniog the Unlisted Securities Market at a value of £3.6m through a placing by brokers Henry Ansbacher.

The company buys plain T-shirts and prints them with original designs aimed mainly at the children's, teenage and tourist markets. Other prodocts includt printed sweatshirts and underwear.

Splash was founded by its chairman, Mr Gavin Beaumont, in 1967 and began by making posters and greetings cards. Fabric printing became the mainstay of the business in 1975.

Since then the range of prodncts has grown and they now sell in retail stores, airport shops, motorway service areas and newsagents. Pre-tax profits have risen from £118,000 in 1981 to £402,000 in the year to last October.

Some 1.6m shares are being sold at 72p a share, raising £565,000 for the company and £432,000 for existing shareholders. Th ehistoric p/e ratio at the placing price is 12.

Splash says it plans to use the proceeds to help finance its working capital requirements and strengthen its capital base. It wants to continue development of new products and intends to expand its markets, particularly overseas.

The company says the current year has started well with turnover comfortably ahead in the first five months and says its new products have been enthusiastically received.

● comment

Splash is in a fickle market where entry costs are low and competition is intense. Prices have not risen for two years, so turnover has shown little progress, and last year's pre-tax profits would have heen virtually stagnant had it not been for exceptional items. There is no forecast for the current financial year, but prospects have been clouded by the bad weather and gloom over tourism while at the same time Splash has incurred loans of £390,000 buying cheap T-shirts. The income from the placing could ensure a profits increase this year but beyond that an investment in the company is a considerable act of faith.

SAC Internl. 46% ahead at halfway

Reporting a 46 per cent growth in first-half profits, the directors of SAC International say they are encouraged by the ontcome and look forward to the next six months with confidence.

Turnover of this design engineering group rose from £7.5m to £8.8m, with overseas sales showing particularly strong growth, from which a gross profit of £1.72m (£1.44m) was achieved.

Pre-tax profits for the period was £703,000, compared with £481,000.

Earnings come to 3.92p (2.63p) and an interim dividend of 0.65p is declared.

LADBROKE INDEX
1,392-1,398 (+1)
Based on FT Index
Tel: 01-427 4411

UK COMPANY NEWS

Elders challenges bid disclosures in High Court

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A £1.8bn bid by Elders IXL, the Australian group with brew and agriculture interests, for Allied Lyons, tha food and drinks gronp, was not referred to the Monopolies and Mergers Commission to give Allied the chance to "kill the bid," the High Court was told yesterday.

Elders is challenging tho legality of the commission's decision to disclose to Allied detailed confidential information given to it by Elders about the way the Australian group proposes to finance o revised bid.

Such disclosure, said Mr Robert Alexander, QC, for Elders, would be wrong and unfair and would seriously prejudice Elders' ettempts to take over Allied.

Mr Alexander said the issue was novel: the method of financing e bid was not o factor the Commission usually had to consider when deciding wbether a bid was contrary to the public interest.

The press release that had accompanied the announcement that the Trade and Industry Secretary hed referred the bid to the Commission had indicated that one area of concern was the "gearing" or "leverage" of Elders' finances in regard to the acquisition of Allied.

In many acquisitions the offeror had to revise or increase its offer in the light of market reaction. It bad become clear to Elders that it would have to do so.

It had therefore made further highly confidential arrangements, and for Allied to know of them before they were publicly announced would prejudice Elders' interests.

Ho told Mr Justice Mann that the Commission's view was that natural justice required disclosure to Allied.

On the contrary, said counsel, "fairness to Elders requires that there be no disclosure of bow it proposes to make a revised hid; of how much, for example, that bid might be; whether it would be cash or shares; and whether Elders proposes to borrow money and, if so, on what security."

Mr Alexander said that tho purpose of the reference was to enable tha Commission to decide whether the takeover would operate against the public interest.

"The purpose is in no sense to give Allied an opportunity to kill tha bid, as opposed to making submissions on the public interest."

The soundness of Elders' finances did not require an assessment by Allied. Elders had always been willing to give the Bank of England or other independent experts tha information on which to assess its ability to finance tha purchase adequately.

The Commission could legitimately be concerned with the availability of finance for the future development of Allied's business, Mr Alexander acknowledged.

Elders accepted that for that purpose it would be relevant to obtain Allied's views on tha necessary level of future financing. What it did not eccept was that it was relevant for Allied to know how Elders proposed to provide the finance.

The commission had a clear duty t oavoid prejudicing the outcome of the bid if, at the end of the reference, it was allowed to "proceed for determination in the marketplace," Mr Alexander said.

The hearing continues today, when the judge will decide whether, as Elders wants, he should be shown the confidential information. If he agrees to do so the hearing will go into private session — probably in the absence of Allied's lawyers, some of whom are also advising the company in the reference, and therefore could not properly see the disputed material.

Olympia determined to resist Hiram sale

Olympia and York, the Canadian real estate and resources group which is expected to win control of Hiram Walker Resources when its offer opens on Canadian stock exchanges today has signalled its determination to resist strongly Hiram's earlier agreement to sell its liquor business to Allied-Lyons.

Mr Keith McWalter, chairman of Olympia's 80 per cent owned subsidiary Gulf Canada, said in a letter to Hiram distillery workers yesterday that unspecified conditions in the agreement between Hiram and Allied-Lyons as well as further legal action "may prevent the sale of this important asset."

The Allied-Lyons purchase requires federal government approval under Canada's foreign investment law.

Olympia has appealed against a recent decision by the Ontario Supreme Court dismissing its request for an injunction to bar the sale of Hiram's liquor business to Allied-Lyons.

However, Allied yesterday repeated that it had a legally binding agreement with Hiram Walker and would regard any appeal by Olympia as "timewasting."

Atlantic Computer stake changes hands for £13m

BY LIONEL BARBER

A 9.4 per cent block of shares in Atlantic Compnters, primarily o leasing company for IBM bas changed hands in e £13m deal involving e Panamanian-registered company called the Peakhurst Corporation.

Peakhurst, advised by Mr Nigel Jagger, bas acquired the stake from Mr Vernon Dovies, o director of Atlantic, who is to step down to develop his property interests.

Mr Jegger, e 32-year-old financier, is the son of Mr Len Jagger, an adviser to the privately-woned Vagos Corporation which currently controls 14.92 per cent of Atlantic. The younger Jagger is to join the Atlantic board as an executive director.

The deal means that Peakhurst's shareholding in Atlantic rises to 15.4 per cent of the ordinary share capital.

Mr Jagger is to purchase 2.48m shares at 240p from the V.J.E. Davies Children's Settlement: irrevocable put and call options have been granted for 1.24m shares at 270p, exercisable np to June 1987; further such aptions have been granted for a total of 1.2m shares exercisable up to June 1988 at 300p per share.

Fast-growing St Ives nears £4m halfway

St Ives Group, printer and bookbinder, which came to the market in September 1985, has announced a pre-tax profit of £3.95m for the six months to end-January 1986, against a previous £2.52m.

The results include e £1.22m (£547,000) contribution from Richard Clay, acquired in December, and £1.32m (£806,000) from Chase Printers, acquired in April. Both companies operated independently during the half-year. The comparisons include the results of Clay and Chase as if they had been part of the group for the whole of the period.

As previously indicated, the directors are paying a 3p interim dividend. They expect to recommend a 6p final. Stated basic net earnings per 10p share for this half improved from 12.9p to 20.4p, and fully diluted from 11.1p to 17.5p.

In addition to tha Clay and Chase acquisitions, last month the company purchased the heatset magazine printing business of EMAP. Its results will be included in the second half.

Mr Robert Gavron, the chairman, states that St Ives has now become one of the largest printing groups in the country. It is in a strong position to consider further acquisitions.

Total turnover for the group was £34.8m (£27.09m), with St Ives at £10.9m (£9.25m); Clay £14.62m (£10.99m) and Chase £9.27m (£6.85m).

Tax took £1.47m (£954,000), to leave net profits of £2.48m (£1.57m).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Rosehaugh, Save and Prosper Return of Assets Investment Trust.

Finals:—Laura Ashley, Bank of Scotland, C. D. Bramall, British Printing and Communication, Cannon Street Investments, Conrad, English National Investment, Fleming Universal Investment Trust, Manor National, Paul Michael Leisurewear, Pochins, Scott and Robertson, Securities Trust of Scotland, Shell Oil, R. Smallshaw (Knitwear).

FUTURE DATES

Interims:—

Boulton (William)	Apr 25
Colorgen	Apr 25
English China Clays	May 15
National Home Loans	May 6
Samuel Properties	Apr 28
Wellcome	May 1
Wemyss Investment Trust	May 1

Finals:—

Barham	Apr 29
Chepstow Racecourse	Apr 25
Cooper Industries	Apr 30
Davies and Newman	Apr 24
Dartland Stamping	May 22
Ferguson Industrial	May 22
Gates (Frank G.)	May 28
Macallan (P. and W.)	May 9
Rosner	Apr 29
Slingsby (H. C.)	Apr 30

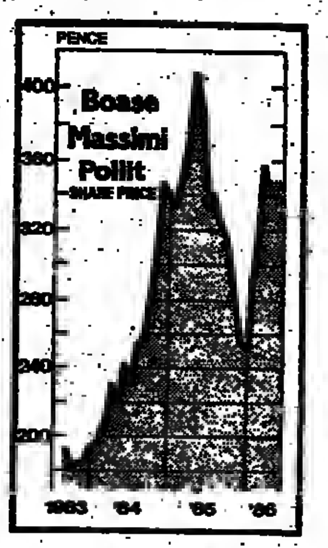
† Corrected

Boase Massimi jumps 51% to record £3.9m

IN A year of significant investment, Boase Massimi Pollitt, advertising agency, lifted pre-tax profits by 51 per cent from a restated £2.58m to a record £3.9m in 1985. The result reflected both the group's enlarged size and the organic growth of its component companies.

Earnings per share increased to 16.14p fully diluted, against a restated 7.65p or 11.2p as previously reported. The final dividend is 3p net making a total up from 3.5p to 4.5p after allowing for last year's share sub-division.

Turnover reached £73.01m (£64.41m). The results include a first full year's contribution from Marketing Solutions and 1984 figures have been restated to reflect this company's results.



The two major components of the group, The Boase Massimi Pollitt Partnership and Marketing Solutions, both enjoyed successful years. Marketing Solutions met its target for 1985 and only failed to reach the profit threshold triggering a bonus purchase payment due to the US restructuring costs. The company substantially increased its total fee income and achieved a significant improvement in margins.

BMPP had a good year, which was only marred by a new business record in the latter half that was not up to the agency's usual standard and will inevitably restrict its billing growth in the earlier part of 1986.

The directors say the new year has begun very well for the group, with all member-companies succeeding in attracting major new clients. BMPP has made an excellent start to 1986, and Marketing Solutions has also achieved an encouraging new business run over the past few months. The three smaller ventures have all had their own successes.

With the younger members of the group beginning to contribute to profits in 1986 and with Marketing Solutions fulfilling its planned role, the group's strategy of entering new areas of growth and development is clearly paying off, the directors say.

Progress to date and the prospects seen augur well for the fulfilment of this strategy and further moves are planned for 1986, they conclude.

● comment

The City had been well prepared for a pedestrian performance from Boase Massimi Pollitt, yet its shares fell by 10p to 349p yesterday. Tha profit takers may regret it. As the agency admits, 1985 was a frustrating year in which it creamed the now customary clutch of creative awards and regularly topped polls as "the agency most advertisers would choose if..." but was singularly unsuccessful at winning new business. In the opening months of 1986 new business bas already outstripped that for the whola of 1985. Among the £18m of new billings is the Dulux business which has now become the largest account at the agency. BMP began 1985 with the express intention of diversifying outside the core agency. Of last year's batch of acquisition's only Marketing Solutions contributed, indeed these results would bave looked distinctly lacklustre without it. But all the acquisition, even the agency start-ups, will produce profits in 1986. BMP is sticking to its strategy of diversifying into other areas of marketing services in this country and into developed advertising markets overseas. The City expects profits of £4.8m in 1986 prodncing a p/a of 19, a rating which bas yet to recover from last year's legal wrangling.

Main profit centres lift Hartons by 16%

Hartons Group, the plastics distributor and appliance maker which last year failed in a £6m bid for another plastics company Cole Group, yesterday reported a 16 per cent rise in taxable profits for 1985 to £1.89m.

The directors say that Visijar Tuckers in the plastics division, and Elson end Robbins in the foam and spring side—the major profit contributors—bave continued their progress in the current year. They are ahead of budget for the first quarter.

Further organic growth is expected at VT, and it is hoped that there will be an extension of its activities overseas.

The consumer products side bas, as expected, started the year "very poorly," but the directors say that this is more than compensated for by the "continuing performance of other members of the group."

"However, with the belief that the problems of the consumer products division will be solved during the current year, the board looks forward to a future of enhanced activity and progress."

Turnover in 1985 more than doubled to £53.53m (£25.71m), and the profits were subject to tax of £395,000 (£624,000). An extraordinary debit of £400,000 (£335,000) related to closures and liquidation costs.

With stated earnings per share of 3.31p (3.39p) the dividend is lifted from 1.155p to 1.27p per share with a final of 0.829p (0.77p).

Scusa profits rise sharply

Scusa, the US security group with a UK listing, lifted pre-tax profits from $7.12m to $11.03m (£7.3m) in 1985. The result this time was struck after $1.07m amortisation of subscriber contracts.

Revenues climbed from $30.05m to $53.56m. Tax charge was $0.8m ($0.5m) and earnings per share improved from 15 cents to 17 cents. A final of 1.35 cents makes a total of 2.2 cents (1.8 cents).

The contract renewal programme has resulted in over 90 per cent of the company's clients now being on current five year contracts and this, together with the trouble reduction programme, has produced a much more secure recurring revenue stream.

In addition, the installation of new systems shows a marked increase and has produced additional recurring revenue.

A US listing of the company's shares continues to be an option, and partly for that reason but primarily to assist current marketing effort, the company is proposing to change its nama to Holmes Protection Group at tha AGM. Holmes is well known throughout the US.

The board said 1985 was a year of cleaning up Holmes, which was acquired in 1984; of carrying out the initial integration while maintaining the performance of the old Scusa businesses and preparing to complete the task. Substantial benefits remain to be extracted.

Centreway Inds jumps to over £0.6m

Centreway Industries, Birmingham-based investment holding company, has improved pre-tax profits by £561,000 to £619,000 for 1985.

It returned to the black at the halfway stage with profits of £300,000 (£79,000) after suffering a loss in tha second half of 1984.

There is no dividend for the year. In 1984 a 0.1p interim payment was made. Net earnings per 10p share are shown np from 0.7p to 2.8p.

Turnover for the group, which has interests including footwear, yachts, computers, cars and commercial vehicles, rose only slightly, from £27.73m to £28.04m, generating a profit of £619,000 (£370,000).

High capital spending leaves Cradley static

Cradley Print, the west Midlands-based lithographic printer, turned in a virtually static result at the pre-tax level for the first half of the 1985-86 year. The return, at £482,000, compares with £474,000 last time, and came out of turnover of £4.82m, some 21 per cent ahead.

Profits at the trading level were down £16,000 at £387,000, but the company benefitted from higher investment income of £74,000 (£38,000).

The directors say that heavy capital expenditure has once again dramatically increased the company's depreciation charge, and the policy it pursues as regards depreciation will also be reflected in the full year's figures.

The company has just installed a full-width press costing well in excess of £1.5m. The new warehouse bay has also been completed and occupied, while additional office accommodation is nearing fruition. Further expenditure on other machinery is contemplated.

The first tranche of the regional selective assistance from the department of industry has now been received for the sum of £180,000. Further funding "at realistic interest rates" has been made available from the European Coal and Steel Community.

After a tax charge of £187,000 (£205,000) for the six months to end-1985 earnings per share come out at 2.7p (2.5p). Last year the company paid a single dividend of 1.5p on taxable profits of £1.05m.

Great Portland places £25m debenture

Great Portland Estates is placing £25m 9.5 per cent first mortgage debenture stock 2016 on a yield basis. Investors were asked yesterday to subscribe for the stock at a margin of 0.95 per cent above the gross redemption yield of 13¼ per cent Treasury Stock 2004-2008.

The issue price will be determined by reference to the price of the treasury stock at 3 pm yesterday. Payment will be £25 per cent immediately and the balance in six months.

The company says that its cash balances at the end of March 1986 have been used or are committed and in view of the accelerating development programme it was thought sensible to seek long-term finance.

UK COMPANY NEWS

BAT's scrip issue alternative for dividend

By Charles Batchelor

THE PLAN by BAT Industries, the tobacco-based conglomerate, to offer shareholders the choice of a share dividend instead of one in cash will take the form of a one-for-54 scrip issue, the company announced yesterdey.

BAT, which first revealed plans for the share dividend when it announced its preliminary 1985 figures last month, said the idea bed been suggested by e small shareholder. The company added that it bad decided to go ahead because it was keen to extend the role of small shareholders.

This will allow shareholders to increase their bolding without incurring dealing costs bnt will bave no impact on their tax position.

The company benefits by retaining the cash equivalent of the scrip dividend and by saving on the payment of advanced corporation tax.

The scrip issue is an alternative to a cash payment of E.35p per share. The effective cost of shares taken up under the scrip issue will be 396.4p, compared with BAT's closing price of 421p yesterday.

ATA Selection

In line with the forecast of a minimum £580,000, the ATA Selection specialist employment agency turned in a pre-tax profit of £596,000 for 1985. It joined the USM last July.

Turnover came to £2.47m (£2.35m). Profit attribntable was £347,000 (£239,000) for earnings of 3.71p (2.55p) per share. As promised, the final dividend is 0.9p net.

Richard Tomkins looks at Antler's flotation

Bags packed and heading for the USM

"LOOK WHAT'S happened to luggage," reads the slogan on advertisements for Antler's latest range of travel goods.

Patriots would be advised not to look too closely. In the past 15 years the British luggage industry bas been decimated by imports: of well over 30 makers in 1970, only three of note remain today.

Antler, however, has fought hard against the onslaught and survived with its market share intact. Not content with that, it is now going for a flotation on the Unlisted Securities Market—a move which it bopes will give it the muscle not just to expand in the UK but also to take its battle for sales overseas.

Imports—mainly from the Far East — now dominate the £60m-a-year British market for travel goods, taking about 80 per cent of sales, but Antler claims to have kept market leadership with a 15 per cent share. Last year it had turnover of £9.5m and profits of £700,000.

The other main players are Samsonite of the US, Delsey of France, and Constellation and Spartan of the UK, all thought to have single digit shares.

As one of the oldest names in the travel goods business, it seems fitting that Antler should bave survived.

Formed in 1919, it originally made leather covered wooden trunks, but in the 1930s it developed a fibreboard suitcase covered with leathercloth and supported by a steel wire frame. This set the style for suitcases for a generation.

However, the luggage industry bas never stood still, and evolution turned to revolution in the 1970s. As fashion became increasingly informal, the change to more casual clothing began to reflect itself in people's taste in luggage.

Suddenly the rigid, engineered suitcase that would serve

antler

With evolution turning to revolution in the 1970s it seems fitting that Antler, one of the oldest names in travel goods, should have survived

the whole family for 25 years was out, and floppy zip bags in fashionable colours were in.

The demand for these high-volume synthetic bags favoured Far East producers with their lower production costs, and by the mid-1970s imports were making themselves felt. For UK producers, matters worsened as the recession began to bite.

Antler, however, saw early on the way things were going and took action to protect its market share. In 1974 it bought a factory in Exeter to meet the demand for soft luggage and accessories, and to compete with the importers it set up its sources of supply in Cyprus and the Far East.

Consequently the shake-out among other British manufacturers played into its hands because it was eble to pick up several well-known trade marks as its rivals went out of business — notably Revelation and Crown.

Today, Antler makes not just suitcases but also shoulder bags, ettache cases, wardrobe packs and vanity cases. It uses its own name for the middle-to-up-market products, most of which are made in Britain, and the Revelation and Crown names for the middle to mass market products, which tend to be sourced overseas.

More than half its turnover comes from supplying own-label travel goods to retailers such as Marks & Spencer, House of Fraser and Selfridges.

Antler's offer for sale, sponsored by brokers Rowe & Pitman, is due next Monday. It will give the company a market capitalisation approaching £10m.

A substantial portion of the shares to be offered will ha sold by Harris & Sheldon, tha privately-owned industrial conglomerate which acquired Antler in 1962. Harris & Sheldon will be cutting its stake to about a third and using the proceeds to pay off loans.

From Antler's point of view, the flotation will raise its public profile, boost its status and provide it with an injection of working capital as it pursues its plans for maintaining the 25 per cent profits growth it has achieved over the past five years.

COMPANY NEWS IN BRIEF

THE SCOTTISH Mortgage & Trust reports a substantial increase from 487.2p to 650.2p in its net asset value per ordinary stock unit after deducting prior charges at par, in the year to March 31, 1986. Stated earnings per share fell from 8.11p to 2.27p but the final dividend is raised from 4.3p to 5.3p for an increased total of 8.5p (7.5p). Pre-tax revenua for the year advanced from £9.09m to £10.03m. Gross investment income was lower at £13.53m against £18.01m. Tax was up from £3.18m to £3.27m.

GOVETT ORIENTAL Investment Trust has cut its final dividend from an adjusted 1.58p to 1.33p, but the total remains unchanged at 2.325p. Net asset value per 25p ordinary share improved from an adjusted 174.8p to 232.4p prior charges at market prices. It moved ahead from an adjusted 173.8p to 231.7p prior charges at par. Dividends and interest receivable were £5.8m (£4.9m) in tha year to March 31 1986, and expenses and interest payable amounted to £2.43m against £980,000. After tax down from £1.51m to £1.28m, revenue available for dividends was £2.12m (£2.4m).

JITRA RUBBER Plantations, investment company, increased its pre-tax profits from £125,500 to £183,500 in 1985, and the dividend is raised from 0.55p to 0.7p. Stated earnings per 10p share advanced from 0.79p to 1.18p. Tax took £55,000 against £37,500.

FT LAW REPORTS

No Euro-defence to potato levy case

POTATO MARKETING BOARD v. DRYSDALE
Court of Appeal: Lord Justice Balcombe and Sir John Megaw: March 25 1986

TO SUCCEED on an appeal from summary judgment for refusing to pay contributions dne to a statutory body, the defendant must show he has an arguable defence; aod if his reason for withholding payment was that he awaited the result of a similar case, he will not be granted leave to defend if his evidence would prove no more than was proved in that case, aod identical defences were there held to he unarguable.

The Court of Appeal so held when dismissing an appeal by Mr John Drysdale from Sir Neil Lawson's judgment upholding a decisioo of Mr Deputy Registrar Robio Mitchell, that the Potato Marketing Board was entitled to summary judgmeot against Mr Drysdale for levy contributions. The contributions were duc uoder the Potato Marketing Scheme 1955 as amended by the Potato Marketiog Scheme (Amendment) Orders, 1962, 1971 and 1978.

* * *

LORD JUSTICE BALCOMBE, giving the judgment of the court, said that the common facts agreed hetween the parties were that the Potato Marketiog Scheme provided for the registration of potato producers with a plaoting ares of four-tenths of a hectare or more.

Every registered producer was required to pay the hoard sn ordinary contributioo based on a rate per hectare and where he exceeded the quota area, ao excess area contributioo.

The purpose of the excess area contribution was to discourage significaot over-planting, and reduce the need for excessive market support.

Not all registered producers were conteot with the board's operations and some had beeo uowilling to pay cootributions.

On December 2 1980 the board issued a summons against registered producers called Robertsoos for their 1979 contributioo. On December 4 1981 it issued another summoos against Mr Drysdale for his 1980 contribution.

Mr Drysdale served a defeoce, saying he believed the board's claim to be illegal uoder the Treaty of the Europeao Economic Community (EEC), aod that he was withholding payment uoless the case against Robertsons proved otherwise.

On September 8 1982 Judge Clark, QC, gave judgment in the Robertsons case *([1983] 1 CMLR 937)*.

Robertsons had raised separate defences under articles 34, 37 and 86 of the EEC Treaty. The judge rejected all three.

On the defence under article 34 (that the system had an effect equivalent to quantitative restrictions on exports), he found that the board's operations had *no* restrictive effect on potato exports.

On the defence under article 37 (that the board was a state monopoly of a commercial character discriminating between nationals of member states) he held that even if, contrary to his view, the board was a state monopoly of a commercial character, no discrimination had been proved.

On the defence under article 86 (that the board had abused a dominant position in the Common Market) he held that the board did not have a dominant position, and no abuse had been proved.

Shortly after that judgment, the board wrote to Mr Drysdale stating its intention to proceed in the action. Mr Drysdale refused to pay as *Robertsons* was under appeal.

The board obtained an order against Mr Drysdale for payment into court of £1,281 to abide the event, with judgment in default. No sum was ever paid in and, on December 22 1983, judgment in default of payment was entered.

On June 29 1984 the *Robertsons* appeal to the Court of Appeal was dismissed by consent. Mr Drysdale now sought *to raise* in the present proceedings the same defences under EEC law as were raised by *Robertsons*.

The board having obtained judgment under Order 14 nf the Rules of the Supreme Court, the question was whether Mr Drysdale could satisfy the court that there was "an issue . . . to be tried . . ."

Mr Bellamy, for the board, submitted that Mr Drysdale did not show any triable issue on the facts or on the law. Also he alleged that the default judgment of December 22 1983 raised an issue estoppel against Mr Drysdale.

The basis of that claim was that it would have been open to Mr Drysdale in those proceedings to have raised the EEC defences which he now sought to raise. Having failed to do so, it was said, he was *now* estopped from raising them in the present proceedings.

On an application under Order 14 in a case where questions of EEC law arose, it would be inappropriate to hold that *the defendant* was estopped by a default judgment given against him previously.

If Mr Drysdale were able to show that the agreed facts were sufficient to establish a contravention of one or more of the articles, he would be entitled to leave to defend.

He was not bound by the findings of fact in *Robertsons* since he was not a party; nor did he agree that it be treated as a test case so that he would be bound by the decision.

Nevertheless, the facts established in *Robertsons* were not *matters personal to the parties* in that case; they were matters of public record relating to the activities of the board.

In those circumstances it was incumbent on *Mr Drysdale*, who was closely coocerned with the progress of *Robertsons* to be very specific as to why he should be giveo leave to relitigate issues of fact decided in favour of the board in that case.

The court could oot ignore the decision in *Robertsons*, especially because when it sulted him, Mr Drysdale chose to hang oo the Robertsons' coat-tails. The affidavits sworn on his behalf in the present proceedings were not *sufficieotly* specific or detailed to persuade the court that he had an arguable case on the facts over and above the agreed facts.

So, if the matter were to depeod solely oo Mr Drysdale's establishing facts beyood the agreed facts, there could be no sufficieot ground for granting leave to *defeod*.

As to the law, article 34 (1) provided that quantitative restrictioos on exports and all measures having equivalent effect were prohibited betweeo member states.

Mr Prout, for Mr Drysdale, submitted that the system takeo as a whole had ao inherent bias against exports.

After careful coosideration of article 34 and European Court decisions (see *Dassonville [1974] ECR 837, Pig Marketing Board [1978] ECR 2347*, and *Oebel [1981] ECR 1993*), the court was unpersuaded that the agreed facts, or any inference that might he drawn from them, established that the measures operated hy the board had an *effect equivalent to quaotitative* restrictioos oo exports.

If one compared the situation as it was with the situation as it would he were there oo such measures, one could not say as a matter of oecessary infereoce, that the absence of those measures would lead to an increase of exports.

Article 37 provided that member states should adjust *any state* monopolies of a commercial nature so as to ensure that no discriminatioo regarding the cooditions under which goods were procuced and marketed existed between nationals of member states.

The article applied to a hody through which a member state directly or indirectly *supervised, determined* or appreciably influenced imports or exports betweeo member states.

There was oo evidence that the hoard *determined* or appreciably influenced exports. That disposed of the defence uoder article 37.

Article 86 provided that any abuse by one or more undertakings of a dominant position within the Common Market or in a substantial part of it, should be prohibited as incompatible with the Common Market so far as it might affect trade between member states.

Neither the agreed facts, nor any inference that might fairly be drawn therefrom, established that consumers were prejudiced hy the board's activities. Indeed, they might benefit *from* the market stability which the system was designed to ensure.

Nor was there any evidence that the system affected trade between member states: that was the "quantitative restriction on exports" point in another guise. So it was unoecessary to decide whether the hoard had *a* dominant position withio a substantial part of the Common Market (viz Great Britain).

Mr Drysdale sought to raise one defeoce which was not raised io *Robertsons*, under *article 16*.

That article provided that member states should abolish between themselves customs duties on exports and charges having equivalent effect.

Prima facie, article 16 only exteoded to charges levied hy reason of goods crossiog frontiers. However, Mr Prout referred to *Apple and Pear Development Council [1983] ECR 4083*, where the Council claimed against a registered grower for payment of the compulsory levy assessed oo the area planted.

The court referred a oumber of questions to the European Court under article 177, including a questioo relating to the validity of the levy. The Europeao Court held that the levy fell within the scope of article 18, hut sioce it did not apply to imported produce and only affected produce intended *for export in the same way as* produce sold on the home market, it did oot raise any problem io relation to article 18.

The court went on to hold that the Treaty reodered unlawful the requirement for growers to finance the activities of a body such as the Council by payment of a charge, if and in so far as those activities were cootrary to the provisions of the Treaty.

Neither the commoo facts, oor the inferences that might properly be drawn from them established that any of the hoard's activities were contrary to any of the provisions of the Treaty.

Accordingly, there was no arguable defence under article 16.

The appeal was dismissed.

For the Potato Marketing Board: C. W. Bellamy QC and S. N. Morris (Ellis and Fairbairn).

For Mr Drysdale: C. J. Prout (J. C. H. Bowdler and Sons, Shrewsbury).

By Rachel Davies
Barrister

F.T. CROSSWORD PUZZLE No. 6,004

PROTEUS

ACROSS

1 Network production featuring Shakespearean *fairy* (6)
4 Writer able to handle jam? (8)
9 Joioed forces to find everything that is decent at first (6)
10 Advertisement about becoming degenerate (8)
12 Plant bringing out skin excrescences on society girl's back (8)
13 Drawing-paper (6)
15 Scrape fish by the sound of it (4)
16 Charge hrought against a novice at the embassy (10)
19 Gasteropod found creeping in woods (10)
20 Hints on turning over a *spadeful of earth* (4)
23 Unfashionable crowd at the start (6)
25 Shop involved in deal over plant? (8)
27 Orders do imply a period of four years (8)
28 Composer forming part of chain in Georgia (6)
29 Where to get in by use of charm (8)
30 Said to prevent dealings in woollen cloth (6)

DOWN

1 In France, it's dear to bring a doctor into the room (7)
2 One who intimidates animal-sleeper (9)
3 Races perhaps, where model is in with a fifty-fifty chance (6)
5 Was he last man to hring up lion? (4)
6 Bird that in certain cases may he a harbinger of death (8)
7 Puhlic giveo to holding clergyman up (5)
8 Desire to know aboot cook's domaio (7)
11 Scoffing at feocing (7)
14 Quite understand lies are out of order (7)
17 Child frustrating deao at church by heing a hindrance (9)
18 *Way to get round very small* vegetahle-flower (5-3)
19 Form design for work in ordinary laoguage (7)
21 Fieldwork carried out up to years of maturity? (7)
22 Aoger at companion's odd role (6)
24 Rendezvous io some sultry strip-joint (5)
26 *Mineral* used io crystal chandeliers (4)

Solution to Puzzle No. 6,003

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Bid Price	Offer Price	+ or −	Yield Gross
[illegible]	[illegible]	[illegible]	[illegible]

AUTHORISED UNIT TRUSTS & INSURANCES

Sentinel Funds Mngmnt Ltd
30 City Road, London EC1Y 2AY 01-628 6626

American Majors	70.5	75.4	+0.3	1.12
Amer Tech & Genl Fd	106.0	113.4	+0.6	0.55
European Growth	29.7	31.8	+0.2	0.03
European Income	33.5	36.0	—	5.00
Exempt	538.7	576.4		2.03
Intnl Growth Fd	27.8	29.7	+0.2	0.13
International Income	56.6	60.6	-0.1	4.96
Jap Tech & Genl	88.8	95.0	+0.6	0.01
Pacific Fund	156.5	167.5	.....	0.01
Secure Income Fd	176.6	189.0	-1.2	4.54
Small Co's Fd	38.2	40.9	.....	1.45
Special Sits	218.1	233.4	-0.7	2.18
UK General Fund	35.3	38.2	—	2.32

Standard Life Trust Mgmt. Ltd
3 George St, Edinburgh EH2 2XZ 031 225 2552

Income Units	26.0	27.7	-0.1	2.79
Accum. Units	28.7	30.7	-0.1	2.79

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh 031-226 3271

American Fund	225.9	239.9	.....	2.21
(Accum. Units)	253.0	269.4	.....	2.21
(Withdrawal Units)	163.1	173.7	.....	2.21
Australian Fund	126.4	132.5	-0.9	1.01
(Accum. Units)	125.8	134.0	-0.9	1.01
British Fund	593.9	632.5	+1.6	4.21
(Accum. Units)	800.0	852.0	+2.3	4.21
European Fund	274.6	292.5	+2.9	0.87
(Accum. Units)	289.2	308.0	+3.1	0.87
Japan Fund	269.4	286.9	.....	0.29
(Accum. Units)	252.9	288.3	.....	0.29
Saints PPP	165.1	173.8	.....	—

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham 0403 56293

Equity Tst	396.7	422.0	-2.0	2.22
North America	58.4	62.1	.....	1.26
Far East	68.6	72.9	-0.3	0.10

Sun Life Trust Mgmt. Ltd
101 Cheapside, London EC2V 6DD 01-606 6010

American Growth Acc.	32.3	34.3	-0.2	1.4
American Income Acc.	31.4	33.4	+0.2	5.5
American Income Inc.	31.0	33.0	+0.2	5.5
European Growth Acc.	50.5	53.7	+0.3	0.8
European Income Acc.	24.7	26.3	+0.1	4.5
European Income Inc.	24.7	26.3	+0.1	4.5
Far East Growth Acc.	38.6	41.0	+0.3	0.6
Int. Growth Acc.	34.0	36.2	+0.3	2.0
Japan Growth Acc.	47.9	50.9	-0.2	0.1
UK Growth Acc.	37.1	39.4	-0.1	2.7
UK Income Acc.	32.8	34.9	—	5.3

Aetna Life Insurance Co Ltd
401 St John St, London EC1V 4QE 01-833 2303

Life Funds (Accumulator Units)

Squirrel	10.39	10.95	.....	—
Bear	11.39	11.99	-0.02	—
Owl	12.84	12.47	-0.05	—
Bull	12.54	13.21	+0.02	—
Stag	12.10	12.74	-0.01	—
Gilt-Edged		11.24	.....	—
Deposit		9.59	+0.01	—

Pension Funds (Accumulator Units)

Squirrel	10.96	11.54	+0.01	—
Bear	12.26	12.91	-0.01	—
Owl	12.82	13.50	-0.04	—
Bull	13.88	14.62	+0.03	—
Stag	13.32	14.03	-0.02	—
Gilt-Edged		11.24	.....	—
Deposit		4.65	.....	—

Exempt Approved

Mixed Managed	131.41	134.10	-0.22	—

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar 0707 42311

Equity Fd. Acc.(z)	711.8	749.2	-0.2	—
European Fd Accum(z)	195.6	205.8	+0.8	—
Fixed Int. Acc.(z)	307.3	323.4	-0.7	—
Gtd. Money Fd. Ac.(z)	195.7	205.9	+0.1	—
Intl. Man. Fd. Acm.(z)	295.7	311.2	+0.1	—
Intl Fxd Int Fd Acc(z)	175.6	184.8	-0.6	—
Japan Fund(z)	214.9	226.1	+4.3	—
Nth American Fd Acc(z)	165.8	174.5	+0.8	—
Prop. Fd. Acc.(z)	198.3	208.7	+0.1	—
Multiple Inv. Acc.(z)	500.3	526.6	.....	—

Pension Funds

Eq Pen Fd Acc(z)	1286.4	1354.1	-0.6	—
Euro Fd Acc(z)	250.3	263.4	+1.6	—
Fixed Int. Acc.(z)	578.0	608.3	-1.9	—
Gt Money Pn Acc(z)	315.3	331.8	+0.3	—
Intl Man Fd(z)	414.9	436.7	+1.9	—
Jap Fen Fd Acc(z)	280.1	294.8	+7.9	—
N Am Pn Fd Acc(z)	197.4	203.6	+1.2	—
Property(z)	289.6	304.7	+0.1	—
Mple Inv Pens Acc(z)	928.1	976.9	+0.7	—

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 28291

Fixed Int. Dep Acc.	216.1	227.5	.....	—
EquityAcc	634.0	669.5	.....	—
PropertyAcc	311.2	327.6	.....	—
Far East Acc.	129.7	136.6	.....	—
Managed Cap.	312.6	[illegible]	.....	—

[illegible]

INSURANCES

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

Phillips & Drew Trust Ltd
120 Moorgate, London EC2M 6XP 01-628 9771
High Int Chq Acc ......11.25 8.41 12.22 Qtr

Provincial Trust
30 Ashley Rd, Altrincham, Cheshire 061-928 9011
High Int Chq Acc ......11.00 8.23 12.03 Mth

Royal Bank of Scotland plc
24 Lombard St, London EC3V 9BA 031-557 0201
Premium Account ......10.12 7.56 10.96 Qtr

Save & Prosper/Robert Fleming
28 Western Rd, Romford RM1 3LB. 0708 66966
H.I.B.A. ......10.16 7.60 11.12 Daily

Tyndall & Co
29-33 Princess Victoria St, Bristol 0272 732241
Demand Acc ......10.65 7.96 11.55 Qtr
Money Acc ......10.20 7.62 11.05 Qtr

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733
Special Acc ......9.875 7.38 10.76 Mth
Over £10,000 ......10.125 7.57 11.04 Mth

Western Trust & Savings Limited
The Moneycentre, Plymouth PL 1SE 0752 24141
High Int Chq Acc ......10.44 7.80 11.31 Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. k Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. k Periodic premium insurance plans. s Single premium insurance. v Offered price includes all expenses except agent's commission. T Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	18
BAT	38	Midland Bk	44
BOC Grp	32	NEI	11
BSR	14	Nat West Bk	70
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	36
Beecham	32	Racal Elect	17
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowaters	30	Reed Intnl	75
Brit Aerospace	48	Sears	12
Brit. Telecom	17	TI	42
Brown (J.)	3	Tesco	30
Burton Ord	32	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons	22	Turner Newall	18
Comm Union	28	Unilever	120
Courtaulds	26	Vickers	48
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	38
Glaxo	100	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brit. Oil & Min	$2\frac{1}{2}$
Hanson Tst	16	Brit Petroleum	48
Hawker Sidd	52	Burmah Oil	30
ICI	58	Charterhall	3
'Imps'	28	Premier	$3\frac{1}{2}$
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	79	Ultramar	28
Lex Service	38	**Mines**	
Lloyds Bank	55	Cons Gold	40
Lucas Inds	60	Lonrho	25
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Budget warning to Farm Ministers

BY QUENTIN PEEL IN LUXEMBOURG

EEC FARM Ministers were warned yesterday that they cannot afford to make any further concessions to their farmers on prices for the coming year, because their budget is already hugely over-committed.

Mr Frans Andriessen, the Agriculture Commissioner in Brussels, said the latest calculation for excess spending on top of this year's Ecu 21bn (£13.4bn) budget was Ecu 1.45bn (£928m)—without taking into account any changes in the rates of green currencies following the latest realignment of the European Monetary System.

That calculation assumes that the Commission's proposals for a general price freeze on major products, some price cuts for fruit and vegetables, and other savings, are accepted by the Ministers.

There seemed little prospect yesterday, however, of an agreement amongst the 12 Farm Ministers on the annual farm price package without further concessions being built in. That would set the Ministers at loggerheads with their Finance Minister colleagues, due to meet next week.

Mr Ignaz Kiechle, the West German Form Minister, who last year vetoed a price cut for cereals, is fighting the Commission's system for a "hidden price cut" in the form of a planned co-responsibility levy on grain farmers. At the other end of the opectrum, Britain's Mr Michael Jopling believes there should be an outright price cut instead of the levy.

A high-level group of officials was last night set to work on the problem of the levy, in an effort to find common ground.

If there is to be a tax, Mr Kiechle is determined it should only apply to cereals sold in the market, whereas Mr Jopling wants it to include all cereals produced—because all production effectively contributes to the current surplus.

The British position yesterday won support from Italy, with Mr Filippo Maria Pandolfi, the Form Minister, furious at proposed price cuts for tomatoes, whereas grain farmers would only have a price freeze and the levy to pay.

From the French side, Mr Francois Guillaume, the former farmers' union leader now translated into Agriculture Minister, demanded price increases for dairy farmers to compensate for the further cuts in production quotas they are likely to face.

The farm price fixing is already locked into a familiar pattern of each Minister defending his national interests staunchly, and the likelihood of all being granted some budgetary concessions in order to win an agreement.

Mr Gerrit Braks, the Dutch chairman of the Council, has nonetheless tabled a series of compromises which will cost no more than the Commission plans—and actually cost less in 1987.

The budget problem stems from three major causes, spelt out by Mr Andriessen: the fall in the dollar, forcing up the cost of export subsidies by an estimated Ecu 850m in 1986; the cost of offloading some of the surplus cereals, butter and beef stocks, put at more than Ecu 1.1bn; and the recent realignment of the European Monetary System, which will add a further Ecu 330m this year and Ecu 600m in 1987, he said.

The Commission proposes to cover most of the destocking costs with savings in other areas, including the cereals levy, and reduced payments to the member states for the costs of storage, and for notional interest payments.

The extra still required after the savings—which are anyway disputed by many of the Farm Ministers—would be Ecu 1.45bn instead of the Ecu 790m originally estimated by Mr Andriessen in January.

The cost of realignment of the EMS does not even include any devaluation of the "green" currencies of the member states, which should follow such a move. France could normally expect such a devaluation of some six per cent—the amount of French franc effectively devalued against the Deutschemark — which would add an extra Ecu 37m for every percentage point, according to Commission officials.

Doing the green currency shuffle

BY A SPECIAL CORRESPONDENT

ONCE AGAIN a reshuffle of the currencies in the European Monetary System (EMS) has come to the rescue of the annual Community fixing of farm support prices. It has also shown, yet again, the strong link between the timing of EMS reshuffles and the needs of farm price negotiators.

Although such a notion may appear bizarre in the UK, on the Continent there are several countries where the farm sector is a key exporter whose interests figure importantly in the pre-occupations of not only Farm Ministers, but also Finance Ministers. Thus, taking the EMS reshuffle that occurred on April 6, there was not a particular need for a reshuffle at that moment, although Mr Jacques Chirac had signalled the need for a French devaluation on macro-economic grounds, in any case, as part of the economic programme of his incoming government. But there was a realisation in France and the other EEC net agricultural exporting countries that an EMS reshuffle was the only way a significant rise in farm support prices, in national currencies, was to be obtained.

The connection between an EMS reshuffle and higher EEC farm support prices arises because of the rules adopted in 1984 for getting rid of the agricultural border adjustments to offset currency fluctuations—the infamous monetary compensatory amounts, or mca's. Under the 1984 agreement, new positive mca's (applied by countries such as West Germany and the Netherlands, with appreciating currencies) are not to be created. The mechanism for avoiding the creation of fresh positive mca's where for example the DM is revalued as part of an EMS reshuffle, is a monetary corrective which in effect revalues the agricultural Ecu (European Currency Unit).

This corrective takes the amount by which the DM has been revalued and, instead of applying this as a new West German positive mca, redistributes its impact to all the other countries as increased negative mca's. In turn, the significance of negative mca's for Farm Ministers is that they are also meant to be eliminated, but this time by devaluing the national agricultural conversion rates ("green" rate) used for converting common CAP support prices, set in Ecus, into national currencies. The result of devaluing "green" rates, however, is to raise farm support prices in national currencies.

Conversely, the only way positive mca's can be eliminated is by revaluing "green" rates leading to a drop in farm support prices in national currencies. Hence the West German reluctance in the past to agree that its positive mca's should be abolished.

This year, the EMS reshuffle has allowed Farm Ministers to take a more sanguine view of the Commission's price proposals which involve an average cut in CAP prices of 0.1 per cent in Ecu terms. The Commission, in its proposals, allowed France, Italy and Greece to devalue their "green" rates, but apart from Greece, the scope for large price rises due to this factor was limited. The overall result of the Commission's proposals for the average change in CAP prices, in national currencies, was only a 0.9 per cent rise for the EEC as a whole.

As can be seen from the table, however, the EMS reshuffle has given far more scope for national currency price rises. These include a maximum of 7.8 per cent for France and smaller, but nevertheless still significant, rises for Ireland, Belgium and Denmark.

The impact of the mechanism for dismantling new positive MCA's, in terms of ratchetting-up farm prices in countries with weaker currencies, is amply demonstrated. The Commission strategy for stabilising CAP prices in nominal terms, and hence cutting them in real terms, is undermined and the wrong price signals continue to be given to farmers.

But, in terms of this year's price fixing, the EMS reshuffle has made it much easier for Farm Ministers to accept the Commission's proposals on Ecu prices. That is, all apart from West Germany and the Netherlands, where the option of devaluing "green" rates is not open. Given the Community's budget difficulties, it is unlikely West Germany will be able to persuade Farm Ministers to raise prices in Ecu terms. It is already offering its farmers help through widespread national aids.

The UK case is interesting as on the one hand, there is the Government's concern to be seen to be cutting farm surpluses, while on the other hand there is the scope for a "green" pound devaluation. It would seem quite possible that the Government might go along with a small devaluation (nowhere near the full margin allowed) if it loses out in other important areas, such as retaining the beef variable premium and putting the proposed cereal co-responsibility levy on a fairer basis which discriminates less against the UK.

SCOPE FOR FARM PRICE RISES THROUGH "GREEN" RATE CHANGES

	Up to April 6 %	Now %
Fixed MCAs:		
West Germany	0	0
Netherlands	0	0
France — dairy, pigs, wine	0	+4.2
— all others	+1.4	+7.8
Belgium	0	+3
Denmark	0	+2
Ireland	0	+3
Variable MCAs (can vary weekly):		
Italy	+5.5*	+8†
UK	+9.7*	+11.3†
Greece	+39.2*	+43.3†

* Basis, MCAs from March 30. † Basis, Exchange rates on April 14.

Argentina to eliminate cereals tax

ARGENTINA will gradually eliminate taxes on its cereals exports, President Raul Alfonsin announced yesterday, but he did not say how long the process would take, reports Reuter from Buenos Aires.

"That is one of the main objectives of the agricultural tax reform" sent to Congress, he told the annual meeting of the Argentine Federation of Agrarian Co-operatives.

The elimination of the export tax was one of the main demands of farmers who held a 24-hour national strike on Monday. The Government previously said that the taxes would be reduced to 15 per cent for the 1986-87 harvest.

● THE PHILIPPINES is to ban log exports to encourage the development of a local wood processing industry, according to Mr Ernesto Maceda, the Natural Resources Minister. He said the "total and permanent ban," which would take effect from August 21, was also aimed at curbing log smuggling to Japan, South Korea and Taiwan, estimated to have amounted to $1bn over the last five years.

● THE DANISH Government is considering banning the use of cottonseed meal in animal feed to prevent the entry of the cottonseed fungus aflatoxin, which it is thought may cause cancer.

● PARIS'S new cocoa butter futures market, the world's first for this commodity, got off to a "brisk" start when trading began yesterday, according to Mr Lucien Renier, chairman of the Paris Commodity Brokers' Association. The new market trades alongside the existing cocoa beon futures market.

● QUALITY TEA was quoted at 198p a kilo (nominal) at Monday's weekly London auction, 2p up from last week's sale. But Medium grade tea was unchanged at 152p a kilo and low medium was 4p down at 108p a kilo.

The Tea Brokers' Association's official report described demand at the auction as "good." Assams were generally strong with selected lines "substantially dearer," it said.

There were 35,845 packages on offer at the sale, including 8,800 in the offshore section.

Indian tobacco earnings slide

BY P. C. MAHANTI IN CALCUTTA

A SHARP fall in tobacco exports is threatening widespread economic distress in the tobacco growing belt, spread over the politically sensitive southern states of Andhra Pradesh and Karnataka.

Official figures put exports of flue cured virginia—which accounts for around 85 per cent of India's tobacco exports—in the first half of the 1985-86 season at only 63,000 tonnes, worth Rs 960m (£51m), down from 51,000 tonnes in the corresponding 1984-85 period. And traders are forecasting the full 1985-86 figure at only 60,000 tonnes, down from 75,000 in 1984-85 and 80,000 tonnes the year before.

As recently as 1982-83 India earned Rs 2.45bn from tobacco exports totalling a record 110,400 tonnes.

Most of the fall has been in exports to the UK, the second largest buyer of Indian tobacco.

Exports have been declining steadily both in volume and value despite an effort to sell more tobacco in value-added products such as cheroots and cigars. The Government blames the fall on propaganda against tobacco as a health hazard. But organised tobacco growers' interests in the country refute this. They say the decline has been due to stiffer competition from other major growers like Brazil and Zimbabwe and the heavy export duty in India which has made its tobacco increasingly uncompetitive.

Australia's harvest hopes hit by dry weather

BY PATRICIA NEWBY IN MELBOURNE

AUSTRALIA'S 1986-87 wheat crop is expected to be lower than the harvest just completed because of unusually dry weather over the eastern states wheat belt.

The Bureau of Agricultural Economics (BAE), in its latest crop report, predicts production at 15.3m tonnes compared with 16.3m tonnes in 1985-86.

The dry conditions have inhibited planting of next season's crop in some parts and the BAE estimates the area sown to wheat will decline by about 200,000 hectares on last year to 11.75m hectares.

Because of low soil moisture, some areas will be very dependent on late autumn and winter rain. The BAE predicts an overall national yield of 1.3 tonnes a hectare compared with 1.4 tonnes a hectare in 1985-86.

The BAE notes the build-up and movement of warm ocean currents which has coincided with drought in eastern Australia and slightly wetter than average conditions in western Australia. The same effect was apparent during the severe 1982-83 drought.

The BAE and the Bureau of Meteorology say the probability of below average winter and spring rains has increased.

Nigerian crop boards to be scrapped

THE NIGERIAN Cabinet Office has announced that all the country's commodity boards will be phased out by December, to allow "a freer marketing system whereby farmers would be involved in direct marketing of their products while the role of the Government would be merely regulatory, reports Reuter from Lagos. The boards will stop trading by June 30, it added.

Nigeria's commodity boards, covering cocoa and coffee, groundnuts, cotton, rubber grains and root crops, have been running at heavy losses since they were set up more than 10 years ago.

The new system will allow individuals, processors co-operatives and companies to buy and sell produce at home and abroad, subject to compliance with Goverment regulations. The Cabinet Office said the action was a major step in the Government's policy of promoting free enterprise and reducing its involvement in economic activities.

From now on, it said, state governments and the Price Intelligence Agency, which help fix guaranteed minimum prices for all agricultural commodities, would only be buyers of the last resort to ensure that crops were not sold below set pricee.

The Agriculture Minister, Mr Alani Akinrinade, said a national agricultural insurance scheme was in the final stages of preparation and would begin operating in December.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,750-2,800.

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse, 2.90-3.30.

CADMIUM: European free market, min 99.95 per cent, $ per lb, in worehouse, ingots, 1.05-1.10, sticks, 1.07-1.12.

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 8.90-9.40.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse, 220-235.

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.58-2.63.

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 5.75-6.25.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif, 47-55.

VANADIUM: European free market, min 98 per cent V_2O_5, other sources, $ per lb V_2O_5, cif, 2.50-2.60.

URANIUM: Nuexco exchange value, $ per lb U_3O_8, 17.25.

LONDON MARKETS

THE SHARP upturn in London Metal Exchange aluminium prices which began towards the end of last week accelerated yesterday with the cash price gaining another £21 to £796 a tonne. Dealers said the firm tone reflected nearby supply tightness, a reversal of bearish chart patterns and renewed concern about the possibility of a strike disrupting the US aluminium industry. Cash aluminium has now gained £48.25 in four trading days, almost exactly recouping the fall of the previous five days, which some analysts had suggested was overdone in view of the continuing decline in western world stock levels. The LME nickel price ended the day £15 higher at £2,635 a tonne, but the three months position finished unchanged at £2,677.50 a tonne having earlier slipped to a 3½-year low. The afternoon recovery was attributed to the downturn in sterling.

LME price supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	795.5-6.5	+21.0	787/785
3 months	791-1.5	+15.75	793/769

Official closing (am): Cash 787-.5 (768.5-1.5): three months 780-.5 (770.5-1): settlement 787.5 (767.5). Final Kerb close: 792-3. Turnover: 43,800 tonnes.

COPPER

Higher grade	Unofficial close	+ or —	High/low
Cash	945-6	+3.0	944/944
3 months	962-3	-3.0	962.5/962

* Grade "A"

Official closing (am): Cash 938-40 (943.5-50); three months 957-8 (963-70); settlement 940 (950). Final Kerb close: 961-1.5.

Cathodes			
Cash	944-6	+3.0	940/940
3 months*	953-5	—6.6	948/948

*Standard

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	241-2	—	—
3 months	249-9.5	—0.5	250/248

Official closing (am): Cash 240-.5 (240.5-1); three months 248-.5 (247.75-8.25); setlement 240.5 (241). Final Kerb close: 249.5-50. Turnover: 3,850 tonnes. US Spot: 18.50-20.00 cents per pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	2630-40	+15.0	2581/2585
3 months	2670-80	—	2695/2655

Official closing (am): Cash 2580-5 (2600-5); three months 2638-40 (2680-8): sellement 2585 (2605). Final Kerb close: 2685-90. Turnover: 804 tonnes.

Kuala Lumpur Tin Market: Close 14.75 (14.70) ringiit per kg, up 0.05 riegitt per kg.

ZINC

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	429-30	—9.0	428/428
3 months	440-0.5	—9.0	449/438

Official closing (am): Cash 430-.5 (440-1): three months 441.5-2 (451-.5): settlement 430.5 (441). Final Kerb close: 441-1.5. Turnover: 11,150 tonnes. US Prime Western: 33.00-33.75 cents per pound.

GOLD

Gold rose $3¾ an ounce from Monday's close in the London bullion market yesterday to finish at $345¼-$345¾. The metal opened at $343-$343½ and traded between a high of $345¾-$346¼ and a low of $342¾-$343¼. Trading was rather quiet and uneventful for much of the day with little follow through buying after breaching $345, despite the dollar's continued weakness.

GOLD BULLION (fine ounce)	April 22	
Close	$345¼-345¾	(£227¾-228¼)
Opening	$343-343½	(£226¾-226)
M'n'g fix	$344.15	(£226.746)
Aft'n'n fix	$344.10	(£226.064)

GOLD AND PLATINUM COINS		
Kr'g'r'nd	$345¼-346¼	(£228-228¼)
½ Krug	$109-103¼	(£120¼-121)
¼ Krug	$91½-93½	(£61-61½)
1/10 Krug	$37½-38¼	(£24¾-25¼)
Mapleleaf	$354¼-355	(£234¼-234½)
Angel	$354¼-356¾	(£234¼-230¼)
1/10 Angel	$35-40	(£23-26½)
New Sov.	$81¼-82¼	(£54-54¼)
Old Sov.	$88-90½	(£58-60)
$20 Eagle	$465-470	(£280¾-313¼)
NoblePlat	$428¼-433	(£282¼-286)

SILVER

Silver was fixed 4.4p an ounce lower for spot delivery in the London bullion market yesterday at 335.7p. US cent equivalents of the fixing levels were: spot 512.5c, down 3.6c; three-month 520.55c, down 6.25c; six-month 528.1c, down 3.8c; and 12-month 544.5c, down 4.25c. The metal opened at 335¾-336¾p (512-514c) and closed at 335¾-336¾p (512-514c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	335.70p	-4.40	334.5p	-0.5
3 months	344.80p	-4.29	342.5p	-2.5
6 months	352.05p	-4.70	—	—
12 months	366.60p	-4.29	—	—

LME—Turnover: 32 (3) lots of 10,000 ozs.

Three months high 346p, low 342p, final kerb 342-3p.

RUBBER

PHYSICALS — The London market opened slightly easier, attracted little interest throughout the day and closed idle, reports Lewis and Peat. Closing prices (buyers): Spot 56.50p (57.50p); May 54.50p (55.50p); June 54.50p (55.50p). The Kuala Lumpur fob price (Malaysian cents) per kg: RSS No 1 was 193.0 (195.0) and for SMR 20 180.0 (182.0).

Thai offshore tin production suspended

● THAILAND'S first known victims of the international tin crisis have emerged with the announcement that Aokham Thai Company and Tungkab Company are suspending offshore tin production in southern Thailand, writes Boonsong K'Thana in Bangkok. About 300 workers are being laid off.

INDICES

REUTERS

Apr. 22	April 21	M'th ago	Year ago
1799.3	1795.0	1829.6	1901.9

(Base: September 18 1931=100)

DOW JONES

Dow Jones	April 16	April 15	Month ago	Year ago
Spot	128.66	122.00	—	120.34
Fut.	124.16	125.09	—	126.11

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Apr. 22 1986	+ or —	Month ago
METALS			
Aluminium			—
Free Market	$1315/835	+30	$1335/855
Copper			
Cash h Grade	£945.5	+3	£996
3 mths	£962.5	—3	£1010.5
Gold Troy oz	$345.5	+3.25	$347.875
Lead Cash	£241.5	......	£201.0
3 mths	£249.25	—0.5	£257.70
Nickel			
Free Mkt	179/189c	......	194/204c
Palladium oz	$108.75	+0.5	$115.10
Platinum oz	$416.50	—2.25	$461.00
Quicksilver†	$320/230	......	$235/245
Silver troy oz	335.70p	—4.40	390.70p
3 months	344.80p	—4.29	401.65p
Tin			
free mkt	£3750/850	......	£1790/800
Tungsten	$62.07	......	$66.61
Wolfram 22.0lb	$40/55	—1	$50/56
Zinc	£422.5	—9	£432.5
6 months	£440.25	—9	£443.75
producers	$650/780	......	$650/870
OILS			
Coconut (Phil)	$280x	......	$305
Palm Malayan	$255z	......	$362.5
SEEDS			
Copra Phil	$180	......	$190
Soyabean (U.S.)	$151x	......	$220.5
GRAINS			
Barley Fut.Sept.	£98.80	+0.35	£98.70
Maize	£143.75	......	£141.50
Wheat Fut July.	£112.35	+0.15	£120.20
No. 2 Hard Wint.	‡	......	‡
OTHERS			
Cocoa Ft. July	£1443.5	+24	£1485.5
Coffee Ft. July	£2311.5	+0	£2389
Cotton A Ind x	47.65c	—0.25	51.05c
Gas Oil June	$135	—3.0	$161
Rubber (kilo)	55.5p	—1	58.5p
Sugar (raw)	$197y	+8	$167
Wooltops 64s	422p kilo	......	411p kilo

‡ Unquoted. † Per 76 lb flask. c Cents a pound. x May. y April-May. w June. z May-June. s July. t Cotton outlook.

MEAT

Pigmeat prices opened on a steadier note due to stronger physical prices but eased back on the close, reports Eastern Capital-CCST.

Month	PIGMEAT Y'days close	+ or —	BEEF Y'days close	+ or —
April				
May	103.40	—0.10	188.50	—2.00
June	102.30	—1.50	186.50	—
July	102.20	—0.10	185.50	+0.50
Aug.	101.60	—1.70	182.50	—
Sep.	106.30	—1.20	181.00	—1.55

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.75p per kg lw (—1.08). GB—Sheep 254.87p per kg est dcw (+0.18). GB—Pigs 77.78p per kg lw (+0.82).

COCOA

In active trading futures advanced £30 and held most of the gain through to the close. Some light producer selling was seen during the early part of the day, consumers however remained withdrawn, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
May	1456-1458	+18.5	1466-1456
July	1443-1444	+24.0	1458-1432
Sept.	1461-1463	+17.5	1471-1455
Dec.	1496-1498	+27.0	1508-1481
March	1517-1520	+24.5	1528-1504
May	1535-1536	+28.0	1589-1515
July	1001-1558	+30.0	1560-1555

Sales: 5,053 (2,784) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for April 21: 94.38 (93.54); five-day average for April 22: 92.37 (91.25).

COFFEE

A weak dollar and a large number of deliveries against New York contract kept the market under pressure in the morning, reports Drexel Burnham Lambert. In the afternoon trade selling continued but the market closed with a rally as commission house short covering caused a sharp upsurge in New York although there was no change in the fundamental picture.

COFFEE	Yesterday Close	+ or —	Business Done
May	2265-2251	—2.0	2285-2250
July	2311-2312	+0.0	2318-2250
Sept.	2327-2352	+7.5	2362-2300
Nov.	2396-2410	+5.5	2395-2350
Jan	2430-2450	+0.0	2450-2390
Mar.	2480-2460	—10.0	2460
May	2430-2495	—5.0	—

Sales: 5,288 (3,411) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for April 21: Comp. daily 1979 190.41 (190.80): 15-day average 190.36 (191.29).

SOYABEAN MEAL

Commercial selling kept prices under pressure for most of the day. Consumer buying stemmed the decline, reports Muirpace.

	Latest close £ per tonne	+ or —	Business Done
June	127.0-127.5	+0.80	126.2 —
August	123.5-124.0	—0.10	123.8 —
October	124.5-125.0	—0.05	124.9 —
Dec.	126.2-126.5	—0.05	126.4-126.2
Feb.	128.0-129.0	+0.40	128.2 —
Apr.	128.5-131.0	+1.00	—

GRAINS

LONDON GRAINS—Wheat: US dark northern spring No 1 15 per cent May 122.50, June 117.50 transhipment east coast. US No 2 soft red winter July 89.50. EEC April 136.75. English feed fob April 120.75-121.00, May 121.75-122.00, June 122.75-123.00, Aug/Sept 122.50-123.50, Sept 120.75-103.00, Oct 105.00-105.50, Oct/Dec 107.50, Jan/March 112.50-113.00 buyers/sellers, April/June 117.50 seller east coast. Maize: US No 3 yellow/French transhipment east coast April 143.75. Barley: English feed fob April 116.75 Scotland, April 117.75 England sellers, 116.00 buyer, May 118.00 buyer, June 118.00-120.00 buyer/seller.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 112.00, S. West 112.60, W. Mids 112.00, N. West 112.60. The UK monetary coefficient for the week beginning Monday April 28 will be 1.107.

Old crop wheat remained in a narrow range finding short-covering support. Long liquidation on May, while May barley steadied on shortage support. New crops were steady, closing on the highs, reports T. G. Roddick.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
May	117.95	—0.05	119.55	+0.15
July	116.65	+0.15	—	—
Sept.	101.70	+0.45	99.80	+0.35
Nov.	104.70	+0.35	103.00	+0.20
Jan.	107.75	+0.40	106.00	+0.15
Mar.	110.40	+0.40	108.90	+0.20

Business done—Wheat: May 118.00-7.75, July 116.40-6.10, Sept 101.70-1.30, Nov 104.70-4.35, Jan 107.75-7.30, March 110.50-10.20. Sales: 460 lots of 100 tonnes. Barley: May 112.55-2.00, Sept 99.80-9.50, Nov 103.00-2.80, Jan 105.90-6.10, March untraded. Sales: 158 lots of 100 tonnes.

US MARKETS

THE OPEC confirmation of a majority accord on an output ceiling for the third quarter did little to inspire energy futures or precious metals, reports Heinold Commodities. The reported 16.3m barrels per day fell well within the most modest expectations amongst traders, although crude futures approached the close on its highs on technical covering after a lacklustre session. The news confirmed the reticence of the precious metals, which closed weaker on disappointed liquidation, although weak dollar values appeared to provide some background support. Copper closed lower in line with weaker LME prices on disappointment at LME stock drawdowns. Coffee closed narrowly mixed around unchanged, as a non-committal stand in view of forthcoming official IBC crop estimates saw the leading participants cautiously sidelined. Cocoa advanced following a maintenance of technical strength in London coupled with light computer fund buying. Sugar closed stronger, reflecting commission house opinion that the recent corrections were enough, and inspired by reports of imminent tenders.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
April	55.50	—	—	55.65
May	55.55	55.50	55.50	55.35
June	55.55	—	—	56.85
July	55.50	56.05	55.50	56.55
Sept	55.60	55.90	55.90	56.75
Dec	55.30	—	—	58.20
Jan	56.00	56.00	56.00	56.35
May	56.45	—	—	56.95
July	56.60	—	—	57.25

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	1906	1910	1886	1863
July	1970	1974	1920	1932
Sept	2020	2020	1975	1975
Dec	2062	2064	2010	2024
March	2085	2085	2040	2050
May	2116	2116	2085	2088
July	2143	—	—	2113

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
May	229.02	230.00	228.05	230.00
July	234.77	236.00	233.25	234.68
Sept	238.76	239.75	238.50	239.05
Dec	243.50	243.70	242.50	243.25
March	245.50	246.50	246.00	246.50
May	248.38	—	—	249.50
July	250.00	250.00	250.00	250.63
Sept	249.95	250.00	249.30	251.93

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
April	63.10	—	—	64.05
May	63.20	64.70	63.20	64.05
June	63.35	—	—	64.40
July	63.65	64.65	63.40	64.40
Sept	64.30	65.15	64.30	65.10
Dec	64.90	65.75	64.90	65.70
Jan	64.85	65.85	65.00	65.90
May	65.50	—	—	66.25
July	66.05	—	—	66.75

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Close	High	Low	Prev
May	12.46	12.50	11.70	11.92
June	12.25	12.32	11.77	11.95
July	12.08	12.10	11.60	11.80
August	12.02	12.10	11.60	11.84
Sept	12.05	12.10	11.65	11.80
Oct	12.05	12.20	11.75	11.80
Nov	12.05	12.25	12.00	11.75
Dec	12.30	12.35	12.00	11.75
Jan	12.45	12.45	12.00	12.00
Feb	12.45	12.40	12.40	12.70

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
April	344.0	345.5	341.3	344.4
May	346.0	—	—	345.9
June	347.2	349.0	343.2	347.3
August	349.8	351.5	345.8	349.6
Oct	351.8	353.5	349.5	352.3
Dec	354.9	356.7	352.5	355.0
Feb	358.1	359.5	358.5	358.5
April	361.4	361.7	360.0	362.6
June	364.8	365.0	362.5	365.6
August	368.5	368.0	368.0	369.0
Oct	372.0	370.7	370.7	372.7
Dec	376.6	374.5	374.0	376.5
Feb	379.7	—	—	380.5

HEATING OIL 42,000 US gallons, cents/US gallons

	Close	High	Low	Prev
May	41.25	41.35	39.60	39.73
June	37.70	37.70	36.80	36.25
July	36.80	36.80	35.40	35.91
August	36.90	36.90	36.00	35.95
Sept	37.90	37.90	37.00	36.65
Oct	38.50	38.40	37.40	37.40
Nov	39.70	38.80	38.00	38.05
Dec	40.00	40.00	39.50	38.65
Jan	40.30	40.30	39.50	39.20
Feb	40.10	40.10	39.50	39.10

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
May	64.92	65.00	63.50	64.13
July	64.92	65.07	64.48	64.34
Oct	37.50	37.85	37.60	37.30
Dec	37.93	38.05	37.74	37.75
March	39.04	—	—	38.77
May	39.90	—	—	39.77
July	40.70	—	—	40.60
Oct	41.06	—	—	40.60

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
May	91.00	92.60	89.00	92.85
July	90.00	92.00	89.00	92.00
Sept	89.00	90.20	88.25	90.80
Nov	89.40	90.00	89.40	90.90
Jan	89.55	90.00	90.00	91.45
March	90.20	92.40	91.05	92.20
May	90.50	91.50	91.50	92.70
July	90.20	—	—	92.20
Sept	89.00	—	—	92.40

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
April	414.4	413.0	407.0	413.5
June	415.6	—	—	414.7
July	418.4	417.5	407.5	415.5
Oct	419.6	419.0	412.0	418.7
Jan	422.2	418.5	418.0	421.7
April	425.2	422.5	416.0	424.7

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
April	503.7	506.5	506.0	512.5
May	504.5	516.5	500.0	513.0
June	507.3	518.0	510.0	516.5
July	510.2	525.0	505.0	518.2
Sept	518.0	527.5	515.0	525.1
Dec	524.9	537.0	524.0	533.9
Jan	527.8	535.0	535.0	536.9
May	539.4	561.5	537.0	548.5
July	545.2	555.0	546.0	554.3

SUGAR WORLD "11" 112,000lbs, cents/lb

	Close	High	Low	Prev
May	8.22	8.34	8.10	8.21
July	8.50	8.54	8.22	8.09
Sept	8.52	8.52	8.27	8.20
Oct	8.51	8.53	8.27	8.23
Jan	8.56	8.56	8.59	8.38
March	8.90	8.90	8.58	8.63
May	8.93	8.93	8.82	8.82
July	9.06	—	—	9.04
Sept	9.19	—	—	9.05

CHICAGO

LIVE CATTLE 40,000 lbs, Cents/lbs

	Close	High	Low	Prev
June	54.47	55.65	54.35	55.65
Aug	51.95	53.05	51.95	52.35
Oct	51.37	52.55	51.37	52.67
Dec	53.25	54.50	53.25	54.30
Feb	53.80	55.00	53.80	55.00
April	54.50	56.10	54.60	56.10

LIVE HOGS 30,000lbs, Cents/lbs

	Close	High	Low	Prev
June	43.10	43.80	42.70	43.47
July	43.07	43.75	42.75	43.42
Aug	41.00	41.70	40.72	41.45
Oct	37.75	38.35	37.57	38.07
Dec	39.37	39.75	39.07	39.30
Feb	40.35	40.95	40.00	41.00
April	41.00	41.50	41.00	42.15

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
May	226.6	226.6	225.4	227.2
July	217.4	217.6	215.4	218.0
Sept	197.0	200.0	197.4	200.0
Dec	195.2	196.4	195.2	197.0
March	202.4	203.6	202.2	204.4
May	208.4	209.0	207.2	208.2
July	208.0	—	—	210.0

PORK BELLIES 38,000lbs, Cents/lbs

	Close	High	Low	Prev
May	52.97	53.95	51.85	53.62
July	52.57	53.85	52.57	53.45
Aug	51.27	52.95	50.85	52.22
Feb	58.60	58.90	56.50	58.17
March	58.50	58.50	56.90	57.32
May	58.50	58.50	58.40	60.10

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
May	525.6	526.0	523.0	525.2
July	521.2	521.6	515.4	521.4
Aug	513.0	515.2	515.4	516.2
Sept	495.0	496.4	488.0	497.2
Nov	503.4	504.0	498.5	503.6
Jan	512.0	512.0	509.4	512.4
March	521.0	521.0	519.0	521.6
May	528.4	529.0	527.0	528.4
July	530.0	529.0	528.0	530.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
May	153.1	153.7	152.0	152.9
July	152.1	152.5	151.4	152.0
Aug	148.7	149.0	148.0	148.3
Sept	147.0	147.5	146.0	147.4
Oct	145.9	147.5	146.1	147.8
Dec	147.2	148.0	146.8	147.3
Jan	148.0	148.0	147.0	148.2
March	149.5	149.5	149.5	148.8

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
May	17.09	17.15	17.02	17.23
July	17.43	17.47	17.26	17.56
Aug	17.62	17.62	17.40	17.70
Sept	17.62	17.70	17.58	17.80
Oct	17.85	17.71	17.55	17.85
Dec	18.10	18.15	17.98	18.20
Jan	18.30	18.30	18.30	18.45
March	18.60	18.60	18.48	18.70
May	18.80	—	—	18.95

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
May	279.2	281.6	275.4	280.4
July	246.2	246.4	241.4	244.4
Sept	246.2	246.4	242.2	245.0
Dec	252.6	252.6	248.6	252.2
March	252.6	254.4	251.0	253.0
May	245.0	245.4	245.0	244.6

SUGAR

LONDON DAILY PRICE—Raw sugar $197.00 (£129.50), up $8c (down 50p) a tonne for April-May delivery. White sugar $220.00, up $5.00.

No. 4 Con-tract	Yesterday's close	Previous close	Business done
	$ per tonne F.O.B.		
May	196.4	[illegible]	[illegible]
Aug	190.2	[illegible]	[illegible]
Oct	192.8	[illegible]	[illegible]
Dec	193.0	[illegible]	[illegible]
Mar	198.6	[illegible]	[illegible]
May	202.0	[illegible]	[illegible]
Aug	206.0	[illegible]	[illegible]

Sales: 2,450 (2,187) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £226.00 (£226.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for April 21: Daily price 8.02 (8.27); 15-day average 8.44 (8.46).

PARIS—(FFr per tonne): Aug 1520/1525, Oct 1534/1540, Dec 1545/1555, Mar 1595/1600, May 1615/1640, Aug 1660/1685.

POTATOES

Nearby May traded gradually lower through the day and closed on the lows. New crops opened very strong but profit-taking later partly eroded the gains, reports Coley and Harper.

	Latest close	Previous close	Business done
	£ per tonne		
May	107.60	164.70	113.20-107.50
Nov	113.50	113.00	117.00-113.00
Feb	129.50	129.50	132.50-129.50
April	148.30	147.50	151.00-148.00
May	161.00	160.00	162.00-160.00

Sales: 1,429 (1,410) lots of 40 tonnes.

Belfast—July 117.00, +1.00, 117.00. Aug 90.00, +2.50; Sept 90.00, -5.00. Sales: 16 lots of 10 tonnes.

GAS OIL FUTURES

Month	Latest close	+ or —	Business Done
	$ US per tonne		
May	137.50	+0.25	141.50-137.50
June	135.00	+1.00	138.00-134.50
July	135.25	+1.25	136.50-134.50
Aug	138.75	+1.00	139.50-136.00
Sept	138.50	+1.25	139.00-138.00
Oct	138.50	+0.75	139.00-136.00
Nov	138.50	+1.00	—

Turnover: 3,063 (1,486) lots of 100 tonnes.

OIL

In the 15-day market May Brent firmed on early news from Opec of its decision to impose a third quarter quota at 16.3m barrels a day. Nymex WTI also reacted bullishly on the last day of May trade with talk opening 18c up and trading within a 25c range through the morning. In the petroleum products market, prices were little changed in thin trade—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—May		
Arab Light	—	—
Arab Heavy	—	—
Dubai	9.80-10.15	[illegible]
Brent Blend	11.65-11.85	+0.35
W.T.I. (1 pm est)	12.50-12.60	+0.675
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—

PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)

Premium gasoline	164-157	+1
Gas Oil	133-135	+1
Heavy fuel oil	57-60	—
Naphtha	119-121	+3

Petroleum Argus estimates

FREIGHT FUTURES

Dry cargo rates remained under pressure against a quiet physical market. Tanker futures steadied in thin conditions on a slightly firmer physical market, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
April	672/685	679/675	675/681
July	645/650	650/642	648/650
Oct	720/727	722/720	725/732
Jan	740/745	753/740	758/760
April	809/815	815/805	815/825
July	725/740	740/725	735/750
Oct	850/860	850/850	850/850
Jan	795/850	885	875/905
BFI	680.5		686.5

Turnover: 37 (44).

	Close	High/Low	Prev.
Tankers			
April	855/860	860/855	855/855
May	800/850	850/800	800/850
June	760/830	800	780/830
July	995/990		980/990
Oct	970/1000		970/1000
Jan	945/1000		940/1000
BTI	853		847.5

Turnover: 8 (50).

CATHODES

LME—Official closing (am): Cash 938.5-40 (945-6); three months 949-.5 (960.5); settlement 940 (946). Turnover: 81,075 tonnes. US Producer prices 65.50-72.0 cents per pound.

JUTE

JUTE — April/May 1986 c and f Dundee BTC $436, BWC $410, BTD $375, BWD $375; c and f Antwerp BTC $415, BWC $390, BTD $360, BWD $355.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to ease

The dollar continued to lose ground yesterday but finished some way above the day's lows. There was some reaction to the sharp pace of the dollar's decline with profit-taking helping the US unit salvage something from a sharp drop overnight in the Far East. The decline had been triggered by comments made by President Reagan, claiming that the yen's appreciation had been legitimate. There was also increased speculation that the US Fed was likely to cut its discount rate again to help a sagging economy.

However, the pace of the dollar's decline eventually had an unsettling influence and although sentiment remained bearish, there was little desire to prompt central banks into acting to curb a disorderly market. Economic figures released yesterday included US March durable goods orders and these showed a fall of 2.5 per cent compared with a revised fall of 0.6 per cent in February and well below market expectations of a 0.4 per cent rise.

The dollar fell to a record close of Y169.05 from Y172.05 having touched a trading low of Y169.10. Against the D-mark it fell to a five-year low of DM 2.1985 from DM 2.2080 and a four-year low against the Swiss franc at SFr 1.8425 compared with SFr 1.8490 on Monday. Elsewhere, it eased to FFr 7.0130 from FFr 7.0425. On Bank of England figures, the dollar's exchange rate index fell from 115.4 to 114.8.

STERLING — Trading range against the dollar in 1986 is 1.5245 against 1.3770. March average 1.4651. Exchange rate index 75.4 against 75.5 at the opening and Monday's close. The six months ago figure was 81.0.

Sterling finished the day below its best level. Its close against the dollar was over a cent down from the day's high at $1.5140 still slightly up from Monday's close of $1.5115 but not enough to prevent an overall loss against the major European trading partners. Against the D-mark it eased to DM 3.3275 from DM 3.3375 and FFr 10.6175 from FFr 10.6450. It was also weaker against the Swiss franc at SFr 2.79 from SFr 2.7950 and Y257.25 compared with Y260.0.

D-MARK — Trading range against the dollar in 1986 is 2.4719 to 2.1985. March average 2.2677. Exchange rate index 135.8 against 128.0 six months ago.

The D-mark rose against a very weak dollar in Frankfurt yesterday. The dollar was without support apart from the occasional bout of shortcovering, following the failure of recent attempts by the Bank of Japan to push the dollar firmer despite heavy intervention and comments by President Reagan that claimed the yen's rise was legitimate. In addition the market saw little chance of the Bundesbank reducing its discount rate at tomorrow's meeting of the central council, so narrowing interest rate differentials still further.

The dollar fell to DM 2.1890 at the close, down from DM 2.2115 on Monday but up from an earlier fixing level of DM 2.1853.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.7 to 169.95. March average 178.83. Exchange rate index 200.6 against 169.6 six months ago.

The yen continued to improve in Tokyo yesterday despite further dollar buying by the Bank of Japan. The dollar touched a record low of Y168.60 during the morning but this attracted profit-taking and it finished a little off the bottom at Y169.35, still down from Y170.85 in New York and Y171.90 in Tokyo on Monday. Remarks by President Reagan describing the yen's appreciation as legitimate tended to depress the dollar. Elsewhere the D-mark fell to Y77.67 from Y78.35.

£ IN NEW YORK

	Close	April 22	Prev. close
£ Spot	$1.5130-1.5140		$1.5105-1.5115
1 month	0.54-0.51pm		0.50-0.48pm
3 months	1.27-1.22pm		1.25-1.20pm
12 months	3.75-3.65pm		3.63-3.73pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

April 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5100-1.5245	1.5135-1.5145	0.55-0.52c pm	4.24	1.29-1.24pm	3.34
Canada	2.1000-2.1140	2.1000-2.1040	0.26-0.16c pm	1.20	0.42-0.26pm	0.65
Nethlnd.	3.75-3.76¾	3.75¾-3.76¾	2-1¾c pm	5.98	4¾-4¾pm	4.78
Belgium	67.94-68.10	68.00-68.10	18-12c pm	2.65	40-32pm	2.12
Denmark	12.28¾-12.31¼	12.30¾-12.31¼	4¾-3¼ore pm	3.60	9-7¾pm	2.72
Ireland	1.0940-1.1010	1.0985-1.0995	0.10-0.26p dis	−1.91	0.20-0.50dis	−1.27
W. Ger.	3.32¾-3.33¾	3.32¾-3.33¾	1⅞-1⅝pf pm	6.31	4¾-4¾pm	5.46
Portugal	209-221	209-219	160-400c dis	−10.70	430-1145dis	−14.72
Spain	211.50-212.00	211.50-211.80	20-60c dis	−2.27	100-160dis	−2.46
Italy	2279½-2290½	2280½-2281½	2-8 lire dis	−2.63	10-18dis	−2.45
Norway	10.57¾-10.63½	10.59¾-10.60¾	2¾-2⅞ore dis	−2.83	7¾-9¼dis	−3.21
France	10.59¾-10.63½	10.61½-10.62½	3¾-2¾c pm	3.32	7¾-6¾pm	2.66
Sweden	10.71½-10.78	10.74½-10.75½	¼-⅞ore dis	−0.63	¼-1¼dis	−0.42
Japan	256¾-258¾	256¾-257¾	1.48-1.35y pm	0.60	3.55-3.38pm	5.39
Austria	—	23.21-23.25	13¾-11½gro pm	0.36	30¾-26¾pm	4.97
Switz.	2.78¾-2.79¾	2.78¾-2.79½	1⅝-1⅜c pm	6.99	4¾-3⅞pm	5.82

Belgian rate is for convertible francs. Financial franc 67.95-68.05. Six-month forward dollar 2.28-2.23c pm. 12-month 3.80-3.65c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

April 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5100-1.5245	1.0135-1.5145	0.55-0.52c pm	4.24	1.29-1.24pm	3.34
Ireland†	1.3753-1.3868	1.3770-1.3790	0.65-0.55c pm	0.15	1.60-1.30pm	4.16
Canada	1.3833-1.3900	1.3890-1.3900	0.36-0.39c dis	−3.25	0.92-0.97dis	−2.73
Nethlnd.	2.4580-2.4885	2.4845-2.4855	0.35-0.33c pm	1.65	0.93-0.90pm	1.48
Belgium	44.80-45.00	44.90-45.00	5-7c dis	−1.61	12-15dis	−1.25
Denmark	8.05¾-8.14¾	8.12¾-8.13¼	¾-¾ore dis	−0.74	1-1¼dis	−0.62
W. Ger.	2.1780-2.2035	2.1980-2.1990	0.44-0.39pf pm	2.28	1.29-1.18pm	2.20
Portugal	145½-147	146½-147	180-310c dis	−19.32	410-870dis	−17.53
Spain	138.90-140.00	139.70-140.00	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−5.60
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−6.89
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−0.74
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−2.1
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.06
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.63
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.50

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 44.90-44.95.

CURRENCY MOVEMENTS

April 22	Bank of England Index	Morgan* Guaranty Change %
Sterling	70.4	−10.1
U.S. dollar	114.8	+0.5
Canadian dollar	78.2	−19.1
Austrian schilling	127.2	+7.0
Belgian franc	95.6	−7.1
Danish Krone	85.3	−0.9
Deutsche mark	155.9	+15.0
Swiss franc	157.4	+15.6
Guilder	125.1	+0.2
French franc	00.4	−13.2
Lire	46.6	−17.6
Yen	200.6	+46.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

* Morgan Guaranty rates are for April 18.

CURRENCY RATES

April 22	Bank rate %	Special Drawing Rights*	European Currency Unit
Sterling	—	0.771079	0.644787
US $	6½	1.16564	0.981069
Canadian $	8.25	1.61464	1.35577
Austria Sch	4	18.0560	10.0494
Belgian Fr.	8¾	52.8558	43.8435
Danish Kr.	7	9.40997	7.92941
D'mark	3½	2.07059	2.14489
Guilder	4½	2.90011	2.42096
French Fr.	9½	8.19959	6.84190
Lira	14	1764.05	1471.59
Yen	3½	200.374	166.142
Norway Kr.	8	8.18046	6.84583
Span'h Pta.	—	163.470	136.563
Swedish Kr	8	8.28388	6.93816
Swiss Fr.	4	N/A	1.78750
Greek Drch	20½	162.770	135.009
Irish Punt	—	N/A	0.705815

* SDR rates are for April 21.

OTHER CURRENCIES

April 22	£	$
Arg'tina	1.2588-1.2611	0.8300-0.8310
Aus'alia	2.0810-2.0840	1.3680-1.3695
Brazil	20.88-21.01	13.77-13.84
Finland	7.0220-7.5420	4.2640-4.9650
Greece	207.75-212.00	136.70-139.48
H'Kong	[illegible]	[illegible]
Iran	[illegible]	[illegible]
Kuwait	[illegible]	[illegible]
Lux'burg	[illegible]	[illegible]
Malaysia	[illegible]	[illegible]
N'Zland	[illegible]	[illegible]
Saudi Ar.	[illegible]	[illegible]
Sing'pore	[illegible]	[illegible]
S.Af.(Cm)	[illegible]	[illegible]
S.Af.(Fn)	[illegible]	[illegible]
U.A.E.	[illegible]	[illegible]

* Selling rate.

EXCHANGE CROSS RATES

Apr. 22	£	$	DM	YEN	F Fr.	S Fr.	H FL	Lira	C $	B Fr.
£	[illegible]									
$	[illegible]									
DM	[illegible]									
YEN	[illegible]									
F Fr.	[illegible]									
S Fr.	[illegible]									
H FL	[illegible]									
Lira	[illegible]									
C $	[illegible]									
B Fr.	[illegible]									

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

April 22	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	[illegible]					
U.S. Dollar	[illegible]					
Can Dollar	[illegible]					
D Guilder	[illegible]					
Sw. Franc	[illegible]					
Deutschmrk	[illegible]					
Fr. Franc	[illegible]					
Italian Lira	[illegible]					
B.Fr.(Fin)	[illegible]					
B.Fr.(Con)	[illegible]					
Yen	[illegible]					
D. Krone	[illegible]					
Asian $ (Sing)	[illegible]					

Long-term Eurodollars: two years 7-7¼ per cent; three years 7¼-7½ per cent; four years 7½-7¾ per cent; five years 7⅝-7⅞ per cent nominal. Short-term rates are call for US dollars and Japanese yen; others two days' notice.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.6761	43.8435	+0.38	+0.62	±1.5368
Danish Krone	7.91960	7.92941	+0.13	+0.37	±1.6408
German D-mark	2.13834	2.14489	+0.31	+0.55	±1.0888
French Franc	6.96280	6.84190	−1.74	−1.50	±1.3701
Dutch Guilder	2.40935	2.42096	+0.48	+0.72	±1.5081
Irish Punt	0.712956	0.705815	−0.86	−0.62	±1.6660
Italian Lira	1496.21	1471.59	−1.65	−1.65	±4.0788

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FINANCIAL FUTURES

Selling develops

Prices fell on the London International Financial Futures Exchange yesterday, in rather disappointing reaction to the surprising fall of 2.5 per cent in March US durable goods orders. June US Treasury bonds opened at 103-23, and rallied ahead of the durable goods announcement. The contract hit a peak of 104-14 as buying demand increased on the economic figures, including an unchanged 0.4 per cent fall in March US consumer prices. This was in line with expectations, but the fall in February durable goods orders was revised to 0.6 per cent from the previous estimate of 1.2 per cent, and selling began to develop. When the market failed to follow through with buying demand, Chicago traders took the opportunity to sell, and pushed June bonds down to close at the day's low on Liffe, of 103-12, compared with 103-21 previously.

London dealers found the decline rather worrying, and may be wondering whether the market has now discounted so much good news, as far as the weaker US economy and falling interest rates are concerned, that there could now be a reverse in sentiment.

June Eurodollar futures closed slightly above the day's low.

LIFFE LONG GILT FUTURES OPTIONS

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

[illegible]

LIFFE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LIFFE—EURODOLLAR OPTIONS

[illegible]

CHICAGO

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

CERT. DEPOSIT (IMM) $1m points of 100%

[illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100%

[illegible]

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

[illegible]

LONDON

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

[illegible]

FT-SE 100 INDEX £25 per full index point

[illegible]

US TREASURY BONDS 8% $100,000 32nds of 100%

[illegible]

THREE-MONTH STERLING £500,000 points of 100%

[illegible]

THREE-MONTH EURODOLLAR $1m points of 100%

[illegible]

10% NOTIONAL SHORT GILT £100,000 64ths of 100%

[illegible]

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5140	1.5087	1.5016	1.4915	1.4768

IMM—STERLING $e per £

[illegible]

LIFFE—STERLING £25,000 $ per £

[illegible]

STERLING INDEX

	April 22	Previous
8.30 am	75.5	76.1
9.00 am	75.4	75.8
10.00 am	75.4	75.8
11.00 am	75.7	75.6
Noon	75.6	75.5
1.00 pm	75.6	75.6
2.00 pm	75.5	75.3
3.00 pm	75.5	75.5
4.00 pm	75.4	75.5

MONEY MARKETS

Bank of England turns the screw

The Bank of England tightened the screw on the London money market yesterday, lending money for seven days to the discount houses at a rate of 11¾ per cent. This was above the prevailing market rates for seven-day funds, and ½ per cent above the level at which the authorities lent seven-day money to the houses on Monday.

After the normal bill purchases the market was around £225m short, according to the official forecast, and the discount houses had again shown reluctance to sell longer dated bills, at existing official intervention rates, on hopes of lower bank base rates in the near future. Rather than provide the normal late assistance, the Bank of England offered borrowing facilities to the houses at 2.30 pm. The terms indicated the reluctance of the authorities to see another cut in base rates at present, but the interbank market showed little reaction, with three-month money finishing unchanged at 10¼-10⅛ per cent.

The Bank of England forecast a money market shortage of £850m initially, but changed this to £900m at noon, and to £950m in the afternoon. Total help on the day was £840m.

In an early round of assistance the authorities bought £87m bills outright, by way of £31m bank bills in band 1 at 10⅜ per cent; £3m local authority bills in band 2 at 10$\frac{5}{16}$ per cent; £10m bank bills in band 2 at 10$\frac{5}{16}$ per cent; and £43m bank bills in band 3 at 10¼ per cent.

Another £351m bills were purchased outright before lunch, through £44m bank bills in band 1 at 10⅜ per cent; £234m bank bills in band 2 at 10$\frac{5}{16}$ per cent; £72m bank bills in band 3 at 10¼ per cent; and £1m bank bills in band 4 at 10$\frac{3}{16}$ per cent.

In the afternoon £287m bills were bought outright, by way of £233m bank bills in band 2 at 10$\frac{5}{16}$ per cent; £40m bank bills in band 3 at 10¼ per cent; and £14m bank bills in band 4 at 10$\frac{3}{16}$ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £547m, and the unwinding of a gilt edged repurchased agreement another £504m.

UK clearing banks base lending rate 10½ per cent since April 21

NEW YORK RATES

(Lunchtime)

Prime rate	8½-9
Broker loan rate	7¾
Fed funds	7$\frac{3}{16}$
Fed funds at intervention	—

Treasury Bills & Bonds

One month	5.82
Two month	0.86
Three month	6.05
Six month	6.17
One year	6.25
Two year	6.47
Three year	6.62
Four year	6.68
Five year	6.78
Seven year	6.89
10 year	7.04
30 year	7.10

FT LONDON INTERBANK FIXING

(11.00 a.m. April 22)

Three months US dollars		Six months US dollars	
bid 6⅝	offer 6¾	bid 6⅝	offer 6¾

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

April 22	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	8-12½	11⅛-11¾	10¾-10½	10⅛-10¼	9¾-9⅞	9½-9⅝
Sterling CDs	—	—	10¾-10⅞	10-10⅛	9½-9⅝	9½-9¼
Local Authority Depos	11¾-12	10⅞-11¼	10¾	10⅛	9¾	9⅞
Local Author'y Bonds	—	—	11	10½	10⅛	9⅝
Discount Mkt Depos.	8-11	11¼-11½	10½	10	—	—
Company Depos.	18	11¾	11	—	—	—
Finance House Depos	—	—	10⅝	10¼	9¾	9⅝
Treasury Bills (Buy)	—	—	10⅞	9⅞	—	—
Bank Bills (Buy)	—	—	10⅝	9⅞-10	9¾-9⅞	—
Fine Trade Bills (Buy)	—	—	11	10⅛	10⅛	—
Dollar CDs	—	—	6.65-6.70	6.65-6.80	6.50-6.55	5.60-6.00
SDR Linked Depos.	—	—	5⅞-6¼	6⅛-6⅜	6⅛-6⅞	6⅛-6⅜
ECU Depos.	—	—	7⅝-7¾	7⅛-7⅞	7⅛-7⅞	7-7⅛

Treasury Bills (sell): one-month 10$\frac{7}{16}$ per cent; three-months 9⅞ per cent. Bank Bills (sell): one-month 10$\frac{7}{16}$ per cent; three-months 9⅞ per cent. Treasury Bills: Average tender rate of discount 9.8031 per cent. ECGD Fixed Finance Scheme IV reference date March 0 to April 1 (inclusive): 11.877 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12½ per cent from April 1 1986. Bank Deposit Rate for sums at seven days' notice 5¾-6 per cent. Certificates of Tax Deposits (Series 0): Deposit £100,000 and over held under one month 10¼ per cent; one-three months 10 per cent; three-six months 9¾ per cent; six-nine months 9½ per cent; nine-12 months 9¾ per cent. Under £100,000 9¾ per cent from April 2. Deposits held under Series 5 —per cent. Deposits withdrawn for cash 6 per cent.

MONEY RATES

April 22	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard Inv'tin
Frankfurt	4.60-4.75	4.45-4.60	4.35-4.50	4.35-4.50	4.35-4.50	5.5
Paris	7¾	7½-7⅝	7½-7⅝	7⅛-7½	7⅛-7⅞	7¾
Zurich	⅞-1⅛	4⅞-4⅞	—	4⅞-4⅞	—	—
Amsterdam	6½-5⅝	5½-5⅝	—	5⅞-5⅞	5⅛-5⅞	—
Tokyo	4.15625	4.53125	—	0.59375	—	—
Milan	14½-14¾	13¾-14⅛	—	13⅞-13¾	—	—
Brussels	8.50	8⅞-8⅞	—	9.81⅛	—	—
Dublin	12⅛-12⅜	12⅛-12⅜	11½-11¾	11-11¼	10¼-10⅜	—

Company Announcements

Exhibitions

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100¼	99⅝	Treas 12pc 1986	100		11.98	10.43
99	97⅞	Treas 6½pc 1983-86‡‡	99		6.54	10.44
102	100½	Exch 14pc 1986	102¼xd		13.69	9.45
98	94	Exch 2½pc 1986	97xd		2.55	6.27
102	100	Exch 13¼pc 1987	102	+	12.68	9.13
100¾	97	Treas 10½pc Cv 87	100	+	10.17	9.12
96	92	Exch 2½pc 1987	96		2.59	6.42
101	97	Exch 10½pc 1987	101	−	10.36	8.95
98¾	93	Funding 6½pc '85-87‡‡	98xd		6.59	7.93
101	96	Treas 10pc 1987	101	+	9.90	9.05
95	90	Treas 3pc 1987	95	+	3.12	6.60
104	99	Treas 12pc 1987	104xd	+	11.50	8.86
99	92	Treas 7¾pc 1985-88‡‡	99		7.81	8.19
104	96	Exch 10½pc '88	103xd		10.11	9.41
102	95	Treas 9¼pc Cv '88	102	+	9.51	8.41
92	86	Transport 3pc '78-88	92		3.25	6.60
102	93	Treas 9½pc '88	102xd	+	9.27	8.40
107	98	Treas 11½pc 1989	107		10.74	8.43
103	93	Treas 9½pc Cnv '89	103		9.18	8.18
90	85	Treas 3pc 1989	90	+	3.32	6.52
105	95	Treas 10½pc 1989	105	+	9.96	8.51
104	96	Exch 10pc 1989	104	+	9.59	8.48
107	97	Exch 11pc 1989	107	+	10.25	8.98
92	84	Treas 5pc 1986-89	92		5.39	7.40

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

هكذا من الأجل

INDUSTRIALS—Continued

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	26	Anglo Utd Dev	34	.....	[illegible]	♦	4.4
80	50	♥Colby Res Corp	55	....	—	—	—
300	200	Cons. Murch. 10c	225	−10	[illegible]	3.9	‡
34	28	Ennex Int. Ir10p	28	....	—	—	—
101	70	Greenwich Res	87	+2	—	—	—
143	93	Hampton Areas 10p	108	+6	3.75	0.9	4.7
245	165	♥Highwood Res	220	+5	—	—	—
£19⅝	£15⅛	Homestake Mining $1	£15¼	−⅛	020c	—	0.9
310	185	♥McFinley Red Lake	190	−10	—	—	—
205	210	♥Musto Explorations	220	+1	—	—	—
51	48	♥New Sabina Res C$1	42	....	—	—	—
260	210	Northgate C$1	220	....	—	—	—
790	513	RTZ	709	−3	22.0	♦	4.5
£164	£115	Do. 9½pcLn '95-2000	£148½	−½	Q9½%	14.8	6.5
950	800	♥Tara Expln $1	875	....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- ∗ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‖ Dealt in under Rule 535(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	118		Fin. 13% 97/02	£126¼	.....
Craig & Rose £1	£13		Arnotts	300	.....
Finlay Pkg 5p	46		CPI Hldgs	62	.....
Holt (Jos) 25p	780		Carrol Inds.	198	.....
IoM Stm. £1	88	+1	Dublin Gas	53	.....
			Hall (R. & H.)	6bal	.....
IRISH			Heiton Hldgs.	10	.....
Fund 11¼% 1988	£104¼		Irish Ropes	83	.....
Nat. 9¼% 84/89	£102⅝		Unidare	197	.....

"Recent Issues" and "Rights" Page 38
(International Edition Page 40)

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Apr 1	Apr 10	Apr 11	Apr 21
Apr 14	Apr 24	Apr 25	May 6
May 12	May 29	May 30	Jun 9

* "New-time" dealings may take place from 9.30 am two business days earlier.

Equities continue to drift lower Argyll sells Guinness shares

London equity markets were again looking rather jaded yesterday. Overnight firmness on Wall Street — the Dow Jones Industrial Average rose 15.5 to an all-time peak — gave a small boost to sentiment early in the session, but this proved short-lived amid suggestions that the market could be awash with unwanted Guinness shares following its successful offer for Distillers. Argyll Group placed its 14.4 per cent stake in Distillers, since assented to Guinness, at 300p per share yesterday.

A subsequent announcement from Guinness of a scheme under which a total of around 90.6m new ordinary units will be purchased and cancelled cleared the air to a certain extent, but failed to halt a downward drift in blue chip industrials. Guinness, down to 298p initially, rallied to 320p before closing 2 better on balance at 307p.

Once again, there were few signs of any real selling pressure, but with institutional investors content to stay on the sidelines, share prices were vulnerable to profit-taking. The volume of business remained small, fresh interest being restrained by talk of a stream of rights issues in the pipeline.

The late afternoon saw a small recovery which left the Financial Times Ordinary share index 4.7 down at 1,389.8 after having posted a loss of 8.7 at the 2.00 am calculation. The more broadly based FT SE index ended 2.8 lower at 1,665.2.

Despite the surrounding uncertainty, bid speculation was still in evidence, fresh activity here being stimulated by Emess Lighting which appeared on the scene with an offer for Rotaflex.

Government Securities, in contrast, traded on a quietly firm note. Much of the day's business was confined to routine trading, but the market took on a firmer appearance in the late afternoon following higher opening indications from the US bond market. Medium- and long-dated issues fluctuated narrowly before settling around ½ to ¼ higher, while the shorts ended a fraction better.

Std. Chartered lower

Standard Chartered fell 28 to 839p, after 837p, following a Press suggestion that a successful bid from Lloyds would hit the latter's US credit rating because of Standard's extensive South African and Asian business; Lloyds closed 4 better at 596p. Other clearers drifted lower for want of support. Barclays gave up 4 at 531p and Midland softened 2 at 566p. Bank of Scotland lost 4 at 423p awaiting today's preliminary results. Elsewhere, Guinness Peat touched a peak of 102p before closing 2 higher at 99p on speculative buying fuelled by US stake build-up rumours.

Lodge Care staged an impressive debut in the Unlisted Securities Market; the shares, placed at 70p, opened at 80p and moved up to 91p; the 7½ per cent Redeemable Preference shares opened at 103p and closed at 112p.

Leading Buildings opened a shade firmer in places, but subsequently drifted back in the absence of follow-through support. Profit-taking left Blue Circle 10 cheaper at 680p and Tarmac 8 off at 496p; the latter's annual results are due next Tuesday. AMEC eased to 280p prior to closing 3 cheaper at 290p, while Barratt Developments softened a couple of pence to 150p. George Wimpey made early progress to 181p before closing unchanged at 179p. Elsewhere, Hewden Stuart firmed 4 to 73p following a broker's circular, but speculative counter Raine Industries encountered profit-taking and shed 4½ to 53½p. Among Timbers, recent bid favourite Magnet and Southerns were resilient and closed 2 dearer at 184p, after 188p, while Travis and Arnold rose 9 to 412p on further consideration of the annual results. HAT Group found support at 110p, up 4, and Attwoods added 3 to 159p.

Among Chemicals, Yorkshire added 2 more to 125p on takeover hopes. Leigh Interests attracted speculative country buying and put on 6 to 114p, while Wardle Storeys gained 8 more to 333p. Elsewhere, Amersham International revived with an improvement of 5 at 370p.

Stores subdued

Leading Stores gave ground across the board, albeit in extremely subdued trading, as investment confidence was unsettled by the contradictory nature of the provisional retail sales for March, which showed an encouraging rise of 4.7 per cent on the same month last year, and the cautious tenor of the latest CBI/FT joint survey of the distributive trades, which suggested that many retailers are carrying heavy stocks. Quotations displayed a slightly firmer tone after the official close, however, and Marks and Spencer, due to reveal annual results early next month, hardened the turn to 216p. Next dipped 10 to 284p, after 282p, following a profits downgrading by brokers James Capel, while Bentalls, marked down to 193p on further consideration of the rejection of the bid approach from Capital and Counties, rallied to 200p, a net fall of 8. The absence of takeover developments left Martin Ford another 11 cheaper at 83p, but Blacks Leisure, depressed on Monday following adverse comment in the weekend Press, rallied 1½ to 11p. Laura Ashley encountered occasional nervous offerings ahead of today's full-year figures and eased 7 to 208p.

Rotaflex highlighted Electricals, soaring 93 to a new peak of 303p on news of the surprise share exchange bid from Emess Lighting, 14 better at 317p. This Development fuelled demand for other bid favourites in the sector and Crystalate showed to good advantage with a gain of 8 at 208p, while D. J. Security Alarms added 6 at 123p. Atlantic Computer, excited by the announcement that Peakhurst Corporation had increased its stake in the company to over 15 per cent, advanced 15 to 275p, while improvements of around 10 were seen in Eurotherm, 343p, MK, 350p, and Burgess Products, 235p. SCUSA, on the other hand, relinquished 4 at 146p after profit-taking in the wake of annual results. Among the leaders, STC moved up to 160p as takeover hopes resurfaced before closing only a couple of pence dearer at 156p. Plessey hardened 2 at 234p, but GEC softened that much at 194p.

Engineering leaders succumbed to profit-taking. Vickers lost 10 at 493p and Hawker gave up 6 at 611p, while GKN cheapened 5 at 349p. Elsewhere, Weir reflected fading bid hopes with a reaction of 7 at 140p, while Hopkinsons declined 8 at 260p and Frederick Cooper lost 7 at 98p. Revived takeover talk lifted Aurora 6 to 81p, after 83p, and speculative buying also helped Metalrax put on 7 at 100p. Demand ahead of next Monday's preliminary figures left Wadkin a further 10 up at 338p, while improvements of 10 and 11 respectively were seen in S. W. Farmer, 77p, and Hill and Smith, 100p.

Food Retailers displayed a couple of bright features. ASDA-MFI attracted speculative support and firmed 6 to 160p, while old takeover favourite Hillards gained 13 more to 238p on speculation about a bid from either J. Sainsbury or Safeway. Bejam also attracted buyers at 160p, up 5, but Kwik Save, still overshadowed by a broker's adverse circular, eased 3 more to 268p, after 266p. Elsewhere, Cadbury Schweppes encountered sporadic selling and shed 6 to 180p, while S. & W. Berisford lost 4 to 245p pending any further bid developments; Berisford confirmed yesterday that discussions are continuing with other parties, including Tate and Lyle, with a view to securing an alternative to the Hillsdown offer for the company.

Grand Metropolitan drifted off to close 5 cheaper at 398p, while Trusthouse Forte settled 4 off at 181p.

Rank Organisation lost 23 to 530p following a profits downgrading by de Zoete and Bevan. Glaxo, meanwhile, remained out of favour and dropped ½ more to £10, while Beecham softened 5 to 421p and Metal Box cheapened 6 at 688p. Elsewhere among miscellaneous industrials, Clement Clarke plummeted 16 to 165p in reaction to the disappointing annual results and Hartons gave up 4 to 43p for the same reason. Associated Heat Services, however, rose 22 to 355p in a thin market following an investment recommendation and Portals revived with an improvement of 40 at 900p. Speculative buying prompted gains of 5 and 14 respectively in Sycamore, 39p, and Beatson Clark, 212p. Morgan Crucible jumped 24 to 297p following comment on the results; the price in yesterday's issue was incorrect. Parkfield revived at 460p, up 30, and Pentland Industries moved forward 25 to 565p. Duport added 9 to 125p and Scapa 10 to 525p.

Among Leisure issues, A. & M. Group gained ½ to 14p on news that the company had disposed of its 14.1 per cent stake in Promotions House for £1.2m; PH lost 1½ at 34½p. President Entertainments shed 2 to 122p following details of a £4.8m rights issue and full listing applications. Sangers Photographic were a lively market and gained 7 to 118p.

Motor Distributors made fresh progress amid hopes of further rationalisation within the sector. C. D. Bramall, scheduled to reveal preliminary results today, put on 13 to 300p, while Appleyard hardened 5 for a two-day advance of 12 to 130p. Kenning improved 15 to 215p reflecting revived demand for Tozer Kemsley and Millbourn, finally 8 dearer at 131p.

Paper/Printings provided an early dull feature in McCorquodale which slumped to 190p before settling 20 lower on balance at 200p on the announcement that the hostile bid from Norton Opax, finally 5 dearer at 148p, had incurred a Monopolies Commission reference. Elsewhere, company trading statements prompted some noteworthy movements. St Ives, widely supported in recent weeks, advanced 55 more to 855p following the interim results, but Cradley Print contrasted with a decline of 8 to 64p in reaction to the disappointing first-half figures. Advertising agencies highlighted Boase Massimi Pollitt which fell 20 to 335p following profit-taking in the wake of full-year figures in line with general expectations.

Properties were among the day's best performers on interest rate hopes and takeover speculation. Bid favourites MEPC and Stock Conversion were both well to the fore, the former rising 7 to 375p, after 378p, and the latter gaining 45 to 710p. Land Securities, partly boosted by traded option business, rose 10 to 326p, while Peachey, 277p, and Great Portland Estates, 180p, both firmed 4. Greycoat revived with a gain of 14 to 252p, while Rosehaugh moved up 20 to 600p awaiting today's half-timed. Elsewhere, Country Gentlemen's Association gained ½ to £10½, after £10½, following reports of an unsuccessful attempt by bidders Bestwood to raise its stake to 14.9 per cent; Bestwood gained 30 to 490p.

Strong Riley Drummond, the Yorkshire-based manufacturer of worsted suiting and knitting fabrics, advanced 6 for a two-day gain of 9 to 100p as speculative interest mounted in the wake of substantial "call" option business recently. R. Smallshaw, due to announce preliminary figures today, rose 5 to 57p.

Shell gain ground

Leading oils made modest progress following the conclusion of the OPEC meeting in Geneva. Shell, helped by domestic and US support, moved up 18 to 770p, while BP edged up 3 to 541p and Britoil put on 6 to 171p. Tricentrol remained a volatile market and dipped 5 to 50p despite the chairman's rebuttal late on Monday of adverse comment in the weekend Press. IC Gas featured with an 8 gain at 428p, after 430p, following renewed bid speculation and reports that New Zealand entrepreneur Mr Ron Brierley has built up a stake in the company.

A late improvement in the bullion price failed to arrest the recent slide in South African gold shares. Bullion held around $344 an ounce for much of the day but edged higher later to close a net $2.25 up at $345.5.

Golds continued to drift easier throughout the morning and most of the afternoon, but steadied after-hours as the bullion price began to improve. At the close the majority of the leading issues were left with minor changes in either direction after another day of minimal turnover. The Gold Mines index lost 2.5 more to 267.5, extending the fall over the past five trading days to one of 22.5.

South African Financials were equally subdued and "Amgold" dipped a point to £48, as did Angloval, £32. Gold Fields of South Africa settled 31 off at 750p.

UK issues lost ground early in the day but subsequently picked up to close with only moderate falls in balance. RTZ, down to 706p initially, were finally only 3 easier on balance at 709p. Consolidated Gold Fields rose 3 to 472p while speculative interest lifted Hampton Areas 6 to 108p.

Australian industrials and banks finally ran out of steam in overnight domestic markets and fell sharply across the board. In London trading Elders IXL dipped 6 to 212p and BHP were a shade easier at 345p. Bell Resources held at 200p ex the four-for-five rights issue at A$3.50 a share. The new nil-paid were quoted at 33p premium.

TRADITIONAL OPTIONS

Stocks favoured for the call included Tricentrol, Stock Conversion, ASDA-MFI, Blacks Leisure, Queens Moat Houses, Marks & Spencer, British Benzol, Sycamore, Jessups, Chloride, STC, John Brown, Pilkington, Lonrho, Oil Search, William Boulton, Raine Engineering and Combined Technologies. No puts or doubles were reported.

FINANCIAL TIMES STOCK INDICES

	Apr. 22	April 21	Apr. 18	April 17	Apr. 16	Apr. 15	Year ago
Government Secs.	94.33	94.23	94.51	94.32	93.50	93.02	81.73
Fixed Interest	97.31	97.33	97.40	97.36	96.77	96.47	86.17
Ordinary ●	1389.8	1394.6	1403.1	1401.2	1379.4	1370.8	959.8
Gold Mines	267.5	270.0	271.7	274.6	282.2	287.4	507.5
Ord. Div. Yield	3.88	3.86	3.84	3.84	3.89	3.89	4.74
Earnings, Yld. % (full)	9.60	9.55	9.42	9.41	9.61	9.64	11.26
P/E Ratio (net) (*)	12.77	12.84	13.14	13.16	12.97	12.96	10.19
Total bargains (Est.)	29,673	30,968	31,929	31,062	33,684	34,150	25,553
Equity turnover £m.	—	511.00	639.12	630.65	1228.91	790.81	347.43
Equity bargains	—	22,277	27,546	28,512	34,423	35,775	22,720
Shares traded (ml)	—	253.3	297.1	309.6	453.2	329.4	181.8

● 10 am 1397.3, 11 am 1395.4, Noon 1392.3, 1 pm 1385.9, 2 pm 1385.8, 3 pm 1389.1, 4 pm 1390.6. Day's High 1398.1. Day's Low 1385.7. Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. Activity 1974. Latest Index 01-246 8026. *Nil=12.31.

HIGHS AND LOWS

—	1986 High	1986 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	94.51 (18/4)	80.39 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	97.31 (22/4)	86.35 (25/1)	130.4 (28/11/47)	50.33 (3/1/75)
Ordinary	1403.1 (3/4)	1094.3 (14/1)	1425.2 (3/4/86)	49.4 (26/6/40)
Gold Mines	387.0 (17/1)	237.5 (2/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

INDICES	Apr. 21	Apr. 18
Daily Gilt Edged Bargains	160.7	174.7
Equities Bargains	199.7	176.5
Value	1,933.0	1596.1
5-day Average Gilt Edged Bargains	184.7	188.5
Equities Bargains	203.0	192.7
Value	1,738.0	1901.4

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues April 22 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Mon April 21 Index No.	Fri April 18 Index No.	Thurs April 17 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	740.26	-0.2	7.86	3.25	16.14	4.79	741.75	742.92	739.29	544.33
2	Building Materials (26)	825.66	-0.6	7.88	3.29	15.91	2.43	830.49	830.64	825.76	494.71
3	Contracting, Construction (29)	1205.30	+0.1	7.96	3.79	16.62	7.69	1203.73	1189.00	1188.13	710.80
4	Electricals (12)	2090.34	-0.1	6.73	3.64	19.72	2.59	2092.98	2087.82	2084.10	1546.94
5	Electronics (38)	1696.68	-0.1	8.53	2.68	15.62	8.68	1699.19	1711.75	1707.28	1681.11
6	Mechanical Engineering (63)	419.85	-0.5	8.72	3.74	14.45	3.80	421.07	422.95	420.71	305.02
8	Metals and Metal Forming (7)	358.73	+0.6	6.05	4.74	21.98	2.22	356.66	352.56	351.18	187.73
9	Motors (17)	297.33	+0.2	8.63	3.22	13.53	3.04	296.61	295.57	295.62	162.71
10	Other Industrial Materials (22)	1338.62	-0.1	6.14	2.96	19.59	11.38	1339.92	1344.35	1328.92	919.83
21	CONSUMER GROUP (184)	943.42	-0.5	7.05	2.97	17.83	4.83	948.61	950.77	953.64	643.63
22	Brewers and Distillers (22)	934.52	—	7.34	3.26	17.00	4.15	934.41	936.58	938.82	566.43
25	Food Manufacturing (22)	696.91	-0.5	8.62	3.68	15.13	6.37	700.76	697.72	698.70	500.55
26	Food Retailing (15)	1938.43	+0.4	5.95	2.40	22.87	6.62	1930.47	1942.24	1954.28	1548.80
27	Health and Household Products (10)	1569.67	-1.3	5.31	2.14	22.05	1.51	1590.83	1612.77	1651.15	1016.12
29	Leisure (25)	933.65	-0.7	7.40	3.76	17.58	10.57	939.86	958.43	944.35	674.50
32	Publishing & Printing (14)	2419.91	-0.4	6.65	3.91	19.00	6.16	2429.80	2405.82	2394.50	1777.68
33	Packaging and Paper (14)	461.47	-0.5	7.76	3.44	15.80	2.08	463.60	459.91	456.95	312.72
34	Stores (43)	929.34	-0.7	5.92	2.41	22.92	1.40	936.19	931.48	922.43	617.40
35	Textiles (17)	535.47	-0.6	8.84	3.38	12.96	0.46	538.81	543.83	542.43	319.93
36	Tobaccos (2)	1173.30	-0.5	12.09	4.16	9.29	20.60	1178.99	1182.46	1195.01	863.49
41	OTHER GROUPS (85)	813.92	-0.2	8.20	3.62	15.56	5.18	815.27	826.24	827.28	677.92
42	Chemicals (19)	912.61	-0.1	10.09	4.40	11.97	14.93	913.22	926.37	926.37	757.30
44	Office Equipment (4)	256.66	-3.5	7.54	3.95	15.79	3.81	265.90	268.17	266.34	185.00
45	Shipping and Transport (12)	1648.11	+0.8	7.39	3.65	16.53	17.76	1634.65	1636.86	1639.88	1155.05
47	Telephone Networks (2)	958.40	-0.2	8.60	3.37	15.95	0.93	960.26	979.92	986.64	843.08
48	Miscellaneous (48)	1000.05	-0.1	6.47	3.31	19.05	3.99	1001.25	1007.84	1001.90	826.17
49	INDUSTRIAL GROUP (483)	868.42	-0.4	7.53	3.20	16.79	5.00	871.61	875.74	876.25	635.02
51	Oil & Gas (17)	1161.96	+1.3	17.68	7.77	6.75	39.83	1147.18	1165.16	1174.78	1158.00
59	500 SHARE INDEX (500)	895.53	-0.2	8.55	3.65	14.62	7.71	897.35	902.56	903.77	678.86
61	FINANCIAL GROUP (116)	625.73	+0.2	—	4.10	—	7.18	624.66	624.68	619.89	457.29
62	Banks (7)	681.58	-0.5	16.98	4.87	8.17	12.90	685.03	684.88	679.34	443.42
65	Insurance (Life) (9)	882.78	-0.4	—	4.14	—	14.69	886.42	886.63	885.62	690.31
66	Insurance (Composite) (7)	518.95	+0.5	—	3.99	—	4.30	516.54	519.70	513.25	342.71
67	Insurance (Brokers) (8)	1182.25	+0.1	8.72	3.96	14.90	12.29	1181.10	1175.66	1185.98	1081.93
68	Merchant Banks (11)	373.48	+0.6	—	2.91	—	1.60	371.36	374.09	366.67	227.98
69	Property (50)	769.17	+1.5	5.27	3.26	25.42	2.48	757.52	753.28	744.44	640.14
70	Other Financial (24)	355.93	-0.2	7.48	4.15	15.94	2.16	356.49	355.41	355.86	281.90
71	Investment Trusts (103)	764.85	+0.4	—	2.85	—	4.51	761.80	754.98	755.11	582.51
81	Mining Finance (3)	304.78	—	10.90	5.23	10.68	1.60	304.96	308.14	308.10	295.73
91	Overseas Traders (14)	673.17	-0.7	12.84	6.13	9.25	8.09	678.02	688.42	684.16	658.13
99	ALL-SHARE INDEX (736)	816.39	-0.1	—	3.72	—	7.29	817.37	820.94	820.78	619.05

	Index No.	Day's Change	Day's High	Day's Low	Apr 21	Apr 18	Apr 17	Apr 16	Apr 15	Year ago
FT-SE 100 SHARE INDEX ◆	1665.2	-2.8	1674.1	1659.4	1668.0	1680.2	1680.9	1662.0	1654.8	1284.9

FIXED INTEREST

	PRICE INDICES	Tues Apr 22	Day's change %	Mon Apr 21	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	125.13	+0.06	125.05	—	3.66
2	5-15 years	148.51	+0.08	148.39	—	4.58
3	Over 15 years	157.05	-0.09	157.19	—	5.19
4	Irredeemables	180.68	+0.17	180.37	—	1.62
5	All stocks	143.30	+0.05	143.22	—	4.36
	Index-Linked					
6	5 years	112.56	—	112.56	—	0.81
7	Over 5 years	116.69	-0.05	116.74	—	1.21
8	All stocks	115.94	-0.04	115.98	—	1.14
9	Debentures & Loans	124.22	+0.08	124.13	—	4.01
10	Preference	86.42	-0.02	86.44	—	2.20

	AVERAGE GROSS REDEMPTION YIELDS		Tues Apr 22	Mon Apr 21	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	7.39	7.41	10.43
2		15 years	8.38	8.37	10.53
3		25 years	8.40	8.38	10.15
4	Medium Coupons	5 years	8.61	8.62	11.29
5		15 years	8.61	8.62	10.83
6		25 years	8.61	8.62	10.35
7	High Coupons	5 years	8.77	8.78	11.35
8		15 years	8.77	8.78	10.98
9		25 years	8.77	8.78	10.50
10	Irredeemables †		8.39	8.40	10.01
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	3.33	3.32	0.0
12	Inflat'n rate 5%	Over 5 yrs	3.38	3.38	0.0
13	Inflat'n rate 10%	5 yrs	2.17	2.16	0.0
14	Inflat'n rate 10%	Over 5 yrs	3.22	3.21	0.0
15	Debs & Loans	5 years	9.88	9.91	11.95
16		15 years	9.79	9.81	11.68
17		25 years	9.78	9.70	11.47
18	Preference †		11.13	11.13	12.66

◆ Opening Index 1673.9; 10 am 1673.6; 11 am 1669.4; Noon 1665.7; 1 pm 1661.0; 2 pm 1659.7; 3 pm 1663.4; 3.30 pm 1665.0; 4 pm 1664.7

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Bentalls	200	− 8
Boots	256	− 2
Brit. Aerospace	558	− 4
Duport	125	+ 9
Guinness	307	+ 2
ICI	950	− 4
Kenning Motor	215	+15
Land Securities	326	+10
Raine Inds.	53½	− 4½
Rotaflex	303	+93
Stainless Metalcraft	167	−10
Stock Conversion	710	+45

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Ford (Martin)	22	94	−11
RTZ	19	712	−13
Tricentrol	19	58	− 5
BOC	17	353	−17
Bentalls	17	208	+37
Beecham	16	426	+ 3
Crescent Japan	16	214	+20
Reuters "B"	16	450	+20
Distillers	15	658	−14
Glaxo	15	£10¼	− 0¼
ICI	15	954	−10
Cable & Wire.	14	727	− 3

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$340	61	16	5	27	—	—	$345.10
GOLD C	$360	3	3.50	35	12	—	—	"
GOLD C	$370	11	1.80	65	12 B	40	15	"
GOLD C	$380	—	—	16	10	—	—	"
GOLD C	$400	—	—	19	4.50	—	—	"
GOLD P	$290	—	—	170	2.80 B	—	—	"
GOLD P	$320	7	1.50	67	6.80	—	—	"
GOLD P	$330	5	3.20	70	9A	—	—	"
GOLD P	$340	6	6.70	63	12A	—	—	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 40,973.

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

NEW HIGHS AND LOWS FOR 1986

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	52	17	42
Corpns. Dom. & Foreign Bonds	18	17	38
Industrials	275	354	864
Financial & Props	92	81	356
Oils	20	30	70
Plantations	4	2	9
Mines	22	50	107
Others	47	56	54
Totals	586	635	1,546

LONDON TRADED OPTIONS

[illegible]

April 22 Total contracts 19,684 Calls 15,792 Puts 3,892 *Underlying security price.

WORLD STOCK MARKETS

AUSTRIA — GERMANY — NORWAY — AUSTRALIA (continued) — JAPAN (continued)

BELGIUM/LUXEMBOURG — SPAIN — HONG KONG

DENMARK — ITALY — SWEDEN

FRANCE — SWITZERLAND — JAPAN — SINGAPORE

NETHERLANDS — AUSTRALIA — SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Danish Kroner.

Liberal peppering of results adds spice

Continued from Page 44

Thyssen both lost ground despite winning a Soviet order for 30,000 tonnes of gas pipe. The former shed DM 2.80 to DM 257 and the latter slipped DM 2.50 to DM 183.50.

Sharp falls of up to 70 basis points were recorded in an unsettled bond market as profit-taking took hold. The Bundesbank stepped up its market balancing exercise with purchases of DM 55m of paper compared with Monday's sale of DM 1.2m.

Stockholm rose sharply in heavy trading on hopes that a revised government supplementary budget, to be presented to parliament on Friday, will stimulate the economy and that interest rates will fall.

The corporate sector offered much to digest. Volvo, jumped SKr 15 to SKr 404 after announcing that it would take full control of its Japanese importing agent to strengthen its Far East position.

Saab, which reported a 7 per cent sales and profit rise for the first quarter, also added SKr 15 to SKr 800. Ericsson, which announced on Monday that it now held 50 per cent of the entire US mobile telephone market, advanced SKr 10 to SKr 298.

Central bank data, revealed yesterday, indicate that foreign net purchases of Swedish shares nearly doubled to SKr 2.49bn in the first quarter

Milan, although easier, was not without its corporate highlights. Olivetti picked up L35 on its VW deal and results while Fiat retreated L570 to L12,305 on reports that pressure is being applied to Libya to sell back its 13 per cent stake that it acquired in the motor group in 1976.

Generali, which announced a L100bn scrip issue after the close of trading, lost L3,900 to L136,000.

Paris made moderate progress in active trading but the imminent close to the account had a dampening effect.

Builders, however, were buoyed further by the hopes of lower interest rates and Lafarge Coppée added FFr 45 to FFr 1,530, while Screg, at FFr 103, was FFr 2 cheaper.

Amsterdam finished mixed although Royal Dutch picked up Fl 3.30 to Fl 196 and Akzo dipped Fl 1.20 to Fl 178.90 ahead of today's results.

Bonds were lower where changed.

Madrid continued its record-breaking form, while Oslo rose in heavy turnover.

CANADA

TORONTO
Prices at 2.30pm April 22

MONTREAL
Closing prices April 21

F—No voting rights or restricted voting rights.

Indices

NEW YORK

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

NYSE-Consolidated 1400 Actives

Advances 787 Declines 780

TORONTO	April 22	April 21	April 18	April 17	1985/86 High	1985/86 Low
Metals & Minls	2,180.1*	2,153.0	2,206.62	2,227.3	2,442.85 (21/3/86)	2,067.1 (2/1)
Composite	3,118.3*	3,121.6	3,128.11	3,118.6	3,128.11 (18/4/86)	2,754.0 (11/2)
MONTREAL Portfolio	1,608.14*	1,613.36	1,620.25	1,620.77	1,623.33 (16/4/86)	1,386.5 (22/1)

* Indicates pre-close figure

** Saturday April 19: Japan Nikkei 15,826.6, TSE 1,256.41.

Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON Chief price changes (in pence unless otherwise indicated)

RISES		
Ass Heat Servs	355	+22
Atlantic Com	275	+15
Aurora	81	+6
Beatson Clark	212	+14
Crystalata	208	+8
Duport	125	+9
Emess Lighting	317	+14
Farmer (SW)	77	+10
Hillards	238	+13
Land Securities	326	+10
MEPC	375	+7
Morgan Crucible	297	+24
Portals	900	+40
Rosehaugh	600	+20
Rotaflex	303	+93
St. Ives	855	+55
Shell Transport	770	+18
Stock Conversion	710	+45
Stroud Riley	100	+6
Tozer, Kemsley	131	+6

FALLS		
Boase Massimi	335	−20
Clarke (Clement)	165	−18
Cradley Print	64	−6
Ford (Martin)	83	−11
Glaxo	£10	−¼
McCorquodale	200	−20
Next	284	−10
Rank Org	530	−23
St Chartered	839	−28
Weir Group	140	−7

Prices at 2pm, April 22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close

Continued on Page 43

هكذا من الأصل

NYSE COMPOSITE PRICES

Continued from Page 42

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
46	35⅛	PaPL	pf4.50	9.7		z230	47	46½	46½	−½
30¼	24	PaPL	dpr2.90	10.		6	29	28⅞	28⅞	−⅛
93	65	PaPL	pr8.40	9.1		z30	92½	92½	92½	
29⅞	26⅛	PaPL	dpr3.25	11.		6	29⅝	29⅜	29⅜	−¼
105¼	86⅛	PaPL	pf9.24	9.2		z50	100½	100½	100½	−½
109	92½	PaPL	pr 11	10.		z100	107	106	105	−2
109½	101⅛	PaPL	pr 13	12.		z40	109	109	109	+1
89¼	81⅛	PaPL	pr 8	8.9		z220	89½	89	89½	
53	34	Penwlt	2.20	4.2		431	53	52⅞	52⅞	+½
30½	21⅛	Penw	pf1.60	5.1		21	u32	31¼	31½	+1
01	40⅝	Pennzo	2.20	4.2	24	584	52½	51⅛	52⅛	+¼
23¾	14⅝	PeopEn	1.32	5.8	10	113	23	22¾	22⅞	−⅛
31¼	16½	PopBy	s .22	.7	24	64	31¼	30¾	31⅛	−⅛
94⅝	50½	PepsiCo	.78	1.6	16	2036	u95¼	94⅝	95⅛	+1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
19¾	15	Wynns	.60	3.3	11	18	17⅞	18		
		X Y Z								
72¼	44⅞	Xerox	3	5.0	14	6397	60⅝	59⅞	60⅛	−¼
58¼	51⅞	Xerox	pf5.45	9.4		479	57⅞	57⅜	57⅞	
28¾	20⅝	XTRA	.64	2.5	21	90	26⅛	26	26	−¼
17	13½	Yorkin	n			449	14	d13	13	−1
37	26¼	ZaleCp	1.32	3.9	13	5	33⅞	33¾	33⅞	
15⅞	3½	Zapata	.03j			103	4¼	4⅛	4⅛	
78¾	43⅞	Zayre	s .64	.8	25	526	u80	78⅝	79¾	+1⅛
25⅞	16¼	ZenithE				1938	26⅜	25⅝	25⅞	−⅜
36	14¼	ZenLbs	.10r	.3	24	1466	35⅞	34½	35½	+1⅛
22⅝	13¾	Zero	s			107	20⅞	20⅝	20⅞	+¼
45¾	28¾	Zurnin	1.32	3.0	18	228	45	44	44⅛	−⅛

WE REGRET that this listing is incomplete due to computer problems.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 2pm, April 22

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Nervousness develops over rates

NERVOUSNESS over the trend in interest rates, as well as the sluggish pace of the economy, prompted some profit-taking in Wall Street stocks yesterday, *writes Terry Byland in New York.*

Federal bonds turned down as the dollar's weakness against the yen implied reduced Japanese interest in US securities.

Despite the disclosure of a sharp fall in March durable goods orders, credit market analysts backed off from forecasts of a further easing in federal reserve policies in the near term. The renewed slide in the dollar is likely to discourage the Fed from further action, at least until it has had time to examine the results of last week's reduction in discount rate.

Stocks soon regained their poise, however. The equity market remained confident that the falls in oil prices and interest rates since the turn of the year will ensure higher earnings for US companies, and therefore a further rise in the stock market.

At 1pm, the Dow Jones industrial average was 6.45 down at 1,849.45.

Corporate results continued to provide many features. The Detroit reporting season opened with Chrysler falling $1⅜ to $39⅝ after disclosing lower earnings for the first quarter.

General Motors eased $⅜ to $81⅞ and Ford $⅛ to $84⅝.

IBM made little initial response to the deal with Nynex, the New York telephone utility which is acquiring Big Blue's Product Centres. At $154⅛, IBM was unchanged, and Nynex added $⅝ to $122⅝.

MCI Communications, the long-distance telephone company, eased $⅛ to $33⅞ in minimal trading after announcing a sharp dip in quarterly profits. AT&T edged up $⅛ to $25⅛, still helped by its own good profits statement.

Prime Computer, reporting lower profits, held steady at $20⅞ but Cray Research eased $⅛ to $81⅛, also after results. Oils showed scattered, irregular changes, as Mobil opened the reporting season, easing $⅛ to $29⅛ after reporting higher earnings, but also warning against the implications of the oil price slide.

Amax, the big metals corporation, showed no change at $14⅜, with the latest loss disclosure no surprise for the stock market.

Among utilities, Consolidated Edison, unchanged at $45, reported weaker earnings, while Duquesne Light eased $⅛ to $13⅜ after confirming the fall in earnings.

The reporting season in the steel industry continued to unroll, with Ampco-Pittsburgh, the metal products group, $⅛ easier at $15⅞ on news of a profitable quarter. At $24⅛, Inland Steel gave up $⅛, but US Steel steadied at $20⅛.

Pharmaceutical stocks responded slowly to the renewed slide in the US dollar. But record results from Bristol-Myers had been largely discounted, and at $81⅛, the shares gained only $⅛. Merck, still suffering from profit-taking, eased $⅜ to $178⅞.

Across the broad range of industrial stocks, prices held steady. Cincinnati Milachron gained $1 to $25⅞ on profit figures, while Gould eased $⅛ to $86 after reporting lower earnings.

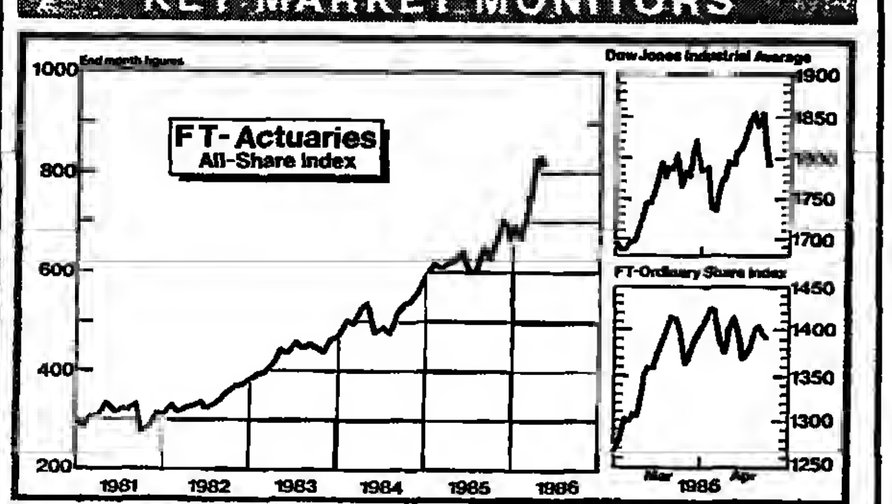
Despite news of a sharp loss, Diamond Shamrock edged up $⅛ to $12⅛. Pitney-Bowes, the office mailing group, gained $⅝ to $61⅞, while Freeport-McMoran edged up $⅛ to $17⅞, brushing off the first-quarter loss.

On the consumer side, McDonald's, the hamburger monarch, jumped $1⅛ to $107 after higher earnings for the first quarter restored confidence in growth prospects. Higher earnings at Dart & Kraft, the manufactured food group, lifted the stock by $⅜ to $56⅞.

Short-term rates edged higher in the credit markets, behind a firm federal funds rate. The Fed again supplied liquidity, this time with two-day system repurchases when funds rate touched 7⅛ per cent. Analysts, while less convinced that the Fed will cut the discount rate again in the near future, noted that the board seems to be continuing a policy of massaging rates downwards through market activity.

The bond market sagged at mid session as the strength of the yen against the dollar reduced the attractions for Japanese investors of the US bond market.

KEY MARKET MONITORS



STOCK MARKET INDICES

	April 22	Previous	Year ago
NEW YORK			
DJ Industrials	1,842.63	1,855.9	1,268.56
DJ Transport	819.55	822.13	582.48
DJ Utilities	190.19	192.24	154.90
S&P Composite	244.48*	244.74	180.70
LONDON			
FT Ord	1,389.8	1,394.5	959.6
FT-SE 100	1,665.2	1,668.0	1,294.9
FT-A All-share	816.39	817.37	619.05
FT-A 500	895.53	897.35	678.86
FT Gold mines	257.5	270.0	507.6
FT-A Long gilt	8.77	8.78	8.78
TOKYO			
Nikkei	15,712.91	15,827.28	12,179.9
Tokyo SE	1,252.26	536.3	952.87
AUSTRALIA			
All Ord.	1,206.3	1,218.4	848.4
Metals & Mins.	530.7	536.3	550.2
AUSTRIA			
Credit Aktien	129.98	127.68	78.84
BELGIUM			
Belgian SE	3,657.21	3,615.00	2,224.23
CANADA			
Toronto			
Metals & Mins	2,189.1*	2,193.0	2,023.0
Composite	3,118.3*	3,121.8	2,630.8
Montreal			
Portfolio	1,608.14*	1,613.36	129.96
DENMARK			
SE	n/a	250.27	181.12
FRANCE			
CAC Gen	385.1	380.0	213.3
Ind. Tendance	145.8	144.4	75.3
WEST GERMANY			
FAZ-Aktien	747.90	739.48	424.67
Commerzbank	2,260.7	2,248.3	1,230.1
HONG KONG			
Hang Seng	1,792.90	1,788.38	1,487.40
ITALY			
Banca Comm.	760.58	774.95	276.44
NETHERLANDS			
ANP-CBS Gen	272.4	271.8	207.2
ANP-CBS Ind	258.7	258.7	166.3
NORWAY			
Oslo SE	359.34	358.64	313.51
SINGAPORE			
Straits Times	582.97	584.05	787.99
SOUTH AFRICA			
JSE Golds	–	1,109.1	1,109.3
JSE Industrials	–	1,092.2	896.7
SPAIN			
Madrid SE	173.44	170.90	81.41
SWEDEN			
J & P	2,372.95	2,312.03	1,430.71
SWITZERLAND			
Swiss Bank Ind	603.5	606.6	419.2
WORLD	April 21	Prev	Year ago
MS Capital Int'l	322.2	318.5	204.0

COMMODITIES

(London)	April 22	Prev
Silver (spot fixing)	336.70p	341.10p
Copper (cash)	£945.50	£943.50
Coffee (May)	£2,256.00	£2,258.00
Oil (Brent blend)	$11.90	$11.10

GOLD (per ounce)

	April 22	Prev
London	$345.50	$342.25
Zürich	$344.25	$342.25
Paris (fixing)	$345.86	$343.77
Luxembourg	$343.75	$343.25
New York (June)	$347.80*	$345.70

CURRENCIES

(London)	US DOLLAR April 22	Previous	STERLING April 22	Previous
£	–	–	1.514	1.5115
DM	2.1985	2.208	3.3275	3.3375
Yen	169.95	172.05	257.25	260.0
FFr	7.0125	7.0425	10.6175	10.645
SFr	1.8425	1.849	2.79	2.795
Guilder	2.485	2.494	3.7625	3.77
Lira	1,506.5	1,512.5	2,281.0	2,286.0
BFr	44.95	45.05	68.05	68.1
C$	1.3895	1.3875	2.102	2.1018

INTEREST RATES

	April 22	Prev
Euro-currencies (3-month offered rate)		
£	10⅛	10⅛
SFr	4⅛	4⅛
DM	4⅝	4⅝
FFr	7⅝	7⅝
FT London Interbank fixing (offered rate)		
3-month US$	6⅞	6 15/16
6-month US$	6⅞	6 11/16
US Fed Funds	7*	7 3/16
US 3-month CDs	6.3*	6.3
US 3-month T-bills	5.86*	5.86

US BONDS

Treasury	April 22* Price	Yield	Prev Price	Yield
7¼ 1988	101 3/32	6.511	101 5/32	6.409
7¼ 1993	102 15/32	6.943	102 ¾	6.848
8¾ 1996	112 13/32	7.071	113 ⅛	7.002
9¼ 2016	124 7/32	7.20	125	7.142

Treasury Index

Maturity (years)	Return index	Day's change	Yield	Day's change
1–30	154.31	–0.17	6.99	+0.03
1–10	145.39	–0.10	6.81	+0.03
1–3	135.62	–0.03	6.55	+0.02
3–5	147.65	–0.09	6.93	+0.02
15–30	186.27	–0.47	7.60	+0.03

Source: Merrill Lynch

Corporate	April 22* Price	Yield	Prev Price	Yield
AT & T				
3⅞ July 1990	89⅞	6.80	89⅞	6.80
SCBT South Central				
10⅞ Jan 1993	107⅞	7.30	107⅞	7.30
Xerox				
10¼ Mar 1993	108⅝	7.87	108⅝	7.97
Diamond Shamrock				
10⅜ May 1993	102⅞	9.96	102⅞	9.96
Arco				
8⅜ March 2016	108¼	8.06	108¼	9.06
General Motors				
8⅛ April 2016	97⅞	8.38	97⅞	8.38
Citicorp				
9⅜ March 2018	99⅞	9.38	100¼	9.35

Source Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT)				
8% 32nds of 100%				
June	103–12	104–13	103–07	103–29
US Treasury Bills (IMM)				
$1m points of 100%				
June	94.48	94.55	94.48	94.51
Certificates of Deposit (IMM)				
$1m points of 100%				
June	93.80	93.82	93.80	83.81
LONDON				
Three-month Eurodollar				
$1m points of 100%				
June	93.48	93.54	93.47	93.52
20-year Notional Gilt				
£50,000 32nds of 100%				
June	128–02	128–30	127–31	128–21

* *Latest available figures*

LONDON

Institutions happy on sidelines

LONDON equity markets were again looking jaded yesterday. There were few signs of any real selling pressure, but with institutional investors content to stay on the sidelines share prices were vulnerable to profit-taking.

The late afternoon saw a small recovery which left the FT Ordinary share index 4.7 down at 1,389.8. The FT-SE index ended 2.8 lower at 1,665.2.

Despite the surrounding uncertainty, bid speculation was still in evidence.

Government securities, in contrast, traded on a quietly firm note.

Much of the day's business was confined to routine trading, but the market took on a firmer appearance in late afternoon after higher opening indications from the US bond market.

Chief price changes, Page 41; Details, Page 40; Share information service, Page 38-39.

HONG KONG

STRONG demand by American institutional investors, particularly for Hongkong Bank following recent buy recommendations by US analysts, took the Hong Kong market higher in early trading. But the market eased back later to end steady after a fairly active session.

The Hang Seng index rose 4.52 to end at 1,792.90 as profit-taking reduced a 19 point gain in mid-morning. The Hong Kong index rose 2.42 to 1,113.77.

Analysts attributed the downturn to profit-taking as investors sought to raise cash for Cathay Pacific's public offering of shares which began yesterday.

The stock was quoted at HK$3.88 but was said to have traded as high as HK$5.50 on the so-called "grey market."

SINGAPORE

STOPLOSS selling and an absence of buying support sent prices marginally down in thin Singapore trading.

The Straits Times industrial index closed at 582.97, down 1.08, having been just 0.31 ahead at mid-day. The Stock Exchange all share index eased 0.45 to 211.74.

The exchange's turnover was again dominated by Singapore Airlines, which eased 10 cents to S$6.45. Profit-taking erased early firmness in the stock, which had been in heavy demand over the previous three sessions amid reports of foreign demand, particularly from British investors.

SOUTH AFRICA

REVIVED interest in gold surfaced in Johannesburg causing shares to end firmer and recover from their recent lows.

Vaal Reefs rose R5 to R208, while Kloof gained R1 at R22. Among mostly steady other minings, platinums and diamonds advanced with golds.

Impala added 75 cents at R26.75 and De Beers rose 20 cents to R22.50.

Industrials tended easier.

CANADA

GOLDS and industrials strengthened and oils weakened in active Toronto trading.

Takeover target Hiram Walker added C$¼ to C$36⅝ as bidder Gulf Canada said legal action might block Walker's C$2.6bn drinks business sale to Allied-Lyons.

Pacific Western Airlines fell C$⅞ to C$13⅝ on increased first quarter losses.

In Montreal, industrials led the decline although banks and utilities managed to resist some of the pressure.

EUROPE

Peppering of results adds spice

CORPORATE RESULTS and news peppered the European bourses yesterday affording investors ample opportunity to indulge in a little profit-taking, some bargain hunting and the odd bit of portfolio adjusting.

Brussels began the new account with a mild dose of professional profit-taking although lower interest rate trends buoyed sentiment which produced a 42.21 rise in the Belgian Stock Exchange index to 3,657.21.

Utilities insurers and banks were quick to benefit from the late buying and Petrofina, the bourse's bellwether, rose BFr 10 to BFr 7,510.

A warm welcome was given to the price set by Générale de Banque, the country's largest commercial bank, on the shares it will issue under its capital increase. The issue price is BFr 5,250 compared with yesterday's closing price of the bank's stock of BFr 6,440, up BFr 140.

Société Générale de Belgique, which is planning a rights issue later this year, rose BFr 40 to BFr 3,230, while Wagons Lits, the tourism and travel group, which also plans to proceed with a capital increase this year, jumped BFr 180 to BFr 5,850.

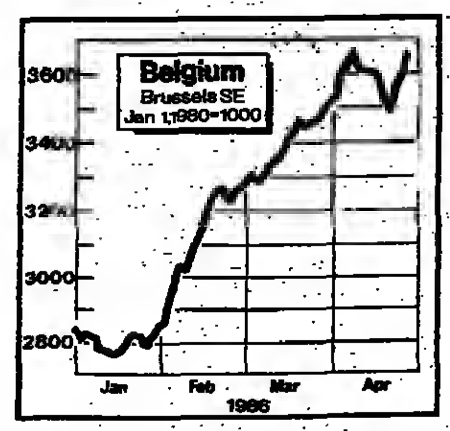
Bekaert, the steel wire and cord group, advanced BFr 250 to BFr 13,250 on plans to build a new plant in the US, while confectionery group Côte D'Or retreated BFr 100 to BFr 3,650 on poor results.

The rate of interest on four-month money market paper – Fonds des Rentes Certificates – was cut 25 basis points to 8 per cent following a weekly auction at which Belgian financial institutions offered BFr 5.05bn for the four-month certificates. Bids worth BFr 2.85bn were accepted at an interest rate of 8 per cent.

Zurich returned from its holiday to meet a plethora of news. Large insurance stocks were sought, with Zurich Insurance picking up SFr 125 to SFr 8,075 after announcing on Monday that it had bought control of the Italian insurance conglomerate Minerva.

The banking sector hit a high for the year with SBC edging SFr 4 lower to SFr 591 despite good first-quarter results. Leu, also reporting good progress in the first three months, held steady at SFr 3,950.

The weaker dollar prompted some selling as Nestlé dipped SFr 50 to SFr 8,800 and Jacobs Suchard retreated SFr 75 to SFr 8,150. Oerlikon-Bührle was



steady at SFr 2,000 after good results and last's week's significant Canadian order, while Sulzer, the engineering group, at SFr 3,350 rose SFr 50 after Monday's optimistic profits forecast.

Particular activity was noted in Sandoz bearer shares which jumped SFr 300 to SFr 13,000 although the participation stock lost SFr 20 to SFr 2,010.

Bonds were mixed to slightly weaker.

Thin **Frankfurt** trading was tinged with profit-taking although banks recovered to finish little changed on further speculation that the Bundesbank may cut rates at its policy meeting tomorrow.

Volkswagen was a focus of attention as it finally announced that it would effectively exchange its Triumph Adler subsidiary for a 5 per cent stake in Olivetti, the Italian group. VW, which originally denied any intention of bartering its subsidiary over two weeks ago, retreated DM 4.50 to DM 856.50. Daimler, however, moved DM 4 ahead to DM 1511.

Among the fragile banks, Bayerische Vereinsbank posted the best showing with its DM 5 gain to DM 640, while Deutsche Bank lost 50 pfg to DM 892.50.

The higher dividend from Hoechst was announced after the market's closure and the chemical group finished DM 3.10 down at DM 314.10.

Insurer Allianz sparkled with a DM 18 rise to DM 2,858, while associate insurer Munich Re gained DM 7 to DM 3,837.

Engineer KHD, gave up DM 1.50 to DM 301 after declaring an unchanged dividend for 1985. Mannesmann and

Continued on Page 41

AUSTRALIA

A MAINLY technical correction to last week's record gains sent Sydney shares sharply down and the All Ordinaries index ended 11.7 lower at 1,206.5. The downturn was evident in the major sectors, with the All Industrials closing at 1,973.2, down 16.4, while the All Resources was 6.6 lower points at 627.5.

BHP ended 2 cents lower at A$7.34 after falling to A$7.28 in the first hour. Bell Resources, trading 'ex' rights, dropped 15 to A$4.20 and its parent, the Bell Group, fell 16 to A$8.00.

Elders IXL shed 10 cents to A$4.50.

TOKYO

Halt in yen's rise prompts downturn

A SHARP setback was suffered in Tokyo yesterday, after an early gain, with the market taking its lead from the yen's swings on the foreign exchange market, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei stock average, 32 points ahead at one stage, finished 114.37 lower at 15,712.91 – its first fall in six sessions. Volume expanded from 512.38m shares to 624.61m with losses outpacing gains 551 to 296, with 135 issues unchanged.

As the yen advanced above 169 to the dollar, investors bought utilities and oils which benefit from the Japanese currency's appreciation. But stocks came under selling pressure as soon as the yen's advance halted.

Tokyo Electric Power rose Y50 to an all-time high of Y4,180 at one stage but sank to Y4,010, down Y100, under heavy selling as profit-taking set in. Tokyo Gas opened Y5 higher but finished Y14 lower at Y416. Nippon Mining was in heavy demand, making it the most actively traded issue on 56.05m shares. The stock added Y18 to Y502.

Interest rapidly shifted to blue-chip issues when the yen's rise stopped. However, selling ballooned as the currency resumed its advance, pushing blue-chip prices down on a broad front. Hitachi closed at Y896, up Y4, having been Y16 ahead at one stage. Matsushita Electric Industrial rose an early Y40 but ended Y10 lower at Y1,600, and NEC was down Y30 at Y1,550.

Despite the general downward drift of blue-chip stocks, Honda Motor and Toyota Motor remained firm. Honda, which reported a 19.2 per cent rise in recurring profit for the year ended last February, climbed Y100 temporarily and closed Y40 up at Y1,250.

Nikko Boseki shot up Y46 to Y824 on market rumours of heavy speculative buying while Nippon Kayaku and Meiji Milk Products gained Y58 to Y910 and Y28 to Y559, respectively.

Bond prices also fluctuated violently. Growing confidence that the Bank of Japan will cut the official discount rate for a fourth time this year, due to the sharp advance of the yen, prompted dealers and brokers to be active buyers. As a result, the yield on the benchmark 6.2 per cent government bond, maturing in July 1995, slipped to 4.455 per cent, a record low, from Monday's 4.540 per cent.

But at this level, selling pressure grew and the yield climbed back to 4.545 per cent in block trading on the Tokyo exchange and to an even higher 4.590 per cent in inter-broker trading.